The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

IN THIS ISSUE

Arnhold Defeat a Rebuff for Dog Gamblers

Soviet Pencils, Oil and Red Imperialism

Has Dr. Wang Abolished the Consular Body?

Was C. T. Liang Murdered by the Communists?

Sino-Japanese Questions Now Most Prominent

Quarter-Century Experience in China Machinery Trade

Can China Adopt and Enforce a "Five-Year-Plan?

How Will the Dog-Gamblers Get Around This?

Finance Minister T. V. Soong Issues Annual Report

Founder of New Banking Law Answers Critics

Chinese Girl Analyzes Philosophy of Love . . By Solon S. C. Yang

Some Thoughts for the Memorial Forest Week . . . By D. Y. Lin

Humanism and Chinese Literature . . . . By Chon-ying Chang

In the Fields of Finance and Reconstruction

The Chinese Language in Fifty Ten-Minute Lessons (Lesson No. 10)
. . . . . .By Prof. W. A. Scharffenberg

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Contents

Editorial Paragraphs

Has Dr. Wang Abolished the Consular Body? 73
Soviet Pencils, Oil and Red Imperialism 74
Was C. T. Liang Murdered by the Communists? 75
Sino-Japanese Questions Now Most Prominent 75
How Will the Dog-Gamblers Get Around This? 76
Can China Adopt and Enforce a "Five-Year-Plan? 77
Arnhold Defeat a Rebuff for Dog-Gamblers 78
Quarter-Century Experience in China Machinery Trade ... 79

Special Articles

Finance Minister T. V. Soong Issues Annual Report 81
The Chinese Language in Fifty Ten-Minute Lessons ..... (Lesson No. 10) ..... By Prof. W. A. Scharffenberg 87
Humanism and Chinese Literature ... By Chon Ying-chang 88
Chinese Girl Analyzes Philosophy Of Love ..... By Solon S. C. Yang 90
Some Thoughts for the Memorial Forest Week ..... By D. Y. Lin 90
Founder of New Banking Law Answers Critics 92
In the Fields of Finance and Reconstruction 94
Who's Who in China 100
Men and Events 102
New Books of Interest in the Far East 104
What the Ships Carry between America and China 9

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WASHINGTON BUREAU

J. J. Underwood—Correspondent

Colorado Building, Washington, D. C.

HAS DR. WANG ABOLISHED THE CONSULAR BODY?

SEVERAL months ago, Dr. C. T. Wang, National Foreign Minister issued a declaration wherein he refused to recognize the Peiping Diplomatic Corps and at the same time refused to receive a communication from that group which had been forwarded to him through E. S. Cunningham, American Consul-General at Shanghai, Mr. Cunningham being doyen or chairman of the Shanghai "Consular Body." The communication pertained to the crisis in the Tientsin customs administration caused by the rebellion of the Northern Military Coalition, and according to report pertained to some action which the Diplomatic Corps desired the National Government to take. Dr. Wang repudiated the action of the Peiping Diplomatic Corps as a "legally" organized group representing the Powers and declared the intention of the Government to follow its own policy. Now we read in the March 2 issue of the *Manchuria Daily News* (Japanese organ published at Dairen), that Dr. Wang's action in respect to the Peiping Diplomatic Corps and particularly his action in refusing to receive a communication from the Corps, had the effect of causing that 30-year-old organization of foreign diplomats "to fade into a phantom," apparently meaning by this that the Corps has held no further meetings and apparently has passed out of existence, as an organized group of representatives of the foreign powers.

One is therefore led to wonder whether Dr. C. T. Wang's recent action in respect to the Shanghai Consular Body will not have a similar effect. According to a *Kuomin* report from Nanking dated March 14. Dr. Wang advised the local Municipality of Greater Shanghai (Chinese administered area adjoining the foreign concessions) to have no dealings whatever with the "self-styled Shanghai Consular Body" on the grounds that the "so-called Shanghai Consular Body does not enjoy an official recognized status." The report in the Chinese newspapers was even stronger, suggesting that the Shanghai Consular Body "had no legitimate standing and occupied an anomalous or irregular and abnormal position." The local *Shanghai Times* in its issue of Sunday, March 15 professed to see in this communication of Dr. Wang to the Chinese Administration here, a direct connection with the arrest of a number of foreign motorists who were driving on the so-

called extra-Settlement roads without Chinese motor-licenses. The foreign motorists were ordered to pay $50, otherwise their cars were detained. The report in *The Times* stated that the local Consular Body recently had been attempting to negotiate with the local Chinese authorities regarding the outside road problem. If this report from Nanking is correct, and it has all the earmarks of accuracy, it will naturally produce a curious situation at Shanghai where the Consular Body has been looked upon for many years as the real governing influence behind the so-called International Settlement. Like the old Mixed Court, which possessed no actual legal authority, the local Consular Body, through historical practice, has come to be looked upon as a sort of "supreme court" in the affairs of the Settlement. As a matter of fact the Consular Body has constituted, from its membership" a "Consular Court" which has decided matters of vast import to the foreign settlement. At the present time this Consular Court, composed of five foreign consuls, is hearing a case involving a suit of a discharged municipal employe for salary and traveling allowances and various other things, which may cost the taxpayers of the Settlement many thousands of dollars, in the event the case goes against the Settlement. Now comes Dr. Wang who declares that the Consular Body has no officially recognized status, which means that the Consular Court likewise has no status. If the National Foreign Minister is able to enforce his point of view, it will means in future the Settlement administration will have to stand on its own legs and do its own negotiating with the Chinese authorities.

SOVIET PENCILS, OIL AND RED IMPERIALISM

FOR several days we had noticed the Chinese clerks in our office using a new brand of lead-pencil. Inspection showed the pencils to be of a hitherto unknown brand, the label being "A. Hammer—School Pencil, No. 2—Foreign." Inquiry brought out the information that the pencils had been purchased "because they were very cheap, much cheaper than the American and German pencils previously purchased." In fact the pencils cost only $7.60 a gross, or about five Chinese copper-cents a piece, which, at present depreciated silver exchange amounts to about one-half of an American one-cent piece. The pencils seem to be of fairly-good quality, possibly not as good as those which we have been accustomed to purchasing for 25 to 30-cents each, but good enough for ordinary use nevertheless. Now we have a suspicion that these pencils are Soviet-produced, in fact we seem to remember that a certain American named "A. Hammer," who was connected with the Soviet Pencil Trust; or whatever they call it, was in Shanghai several months ago. He published an advertisement in the local foreign and Chinese newspaper telling about his pencils. New we are experiencing the results of Mr. Hammer's "dumping" of Soviet pencils on the Chinese market, and whether the Chinese school children who use them will couple his name with the well-known "Hammer and Sickle" emblem, we do not hazard a guess, but we do know that Mr. Hammer's pencils are likely to play the very dickens with the market for American and German pencils in these parts.

From pencils we turn to oil, Soviet oil, regarding which much has been heard recently due to the presence here of P. A. Libanoff, representative of the Soviet Naptha-Syndicate, who is threatening to "dump" some 3,000,000 gallons of Soviet kerosene and gasoline on the Chinese market at prices which probably will be far below those quoted by the large American and British companies, which are private enterprises and hence must operate at a profit or go out of business. The London *Petroleum Times*, organ of the British oil industry, apparently scented this situation from afar for the February 14 issue contained much information regarding the Soviet Government's plans for underselling its capitalistic competitors. For example, it was stated that while Russian oil production before the war had not exceeded 9,000,000 tons, the production last year exceeded 17,000,000 tons. Says the editor of the *Petroleum Times*,

> "From the point of view of the petroleum industry of the world generally, the center of interest is in the petroleum export trade of the Soviet Union, and the tendency of all the importing countries is to take more and more Russian oil, and Russian competition in the world's oil market shows every sign of becoming more formidable."

What seems to be happening is that the Soviet Government, due to the necessity of obtaining credits for the machinery and other manufactures which Russia is buying, is following the practice of selling its oil at prices far below those of competing private enterprises in other producing countries. The fact that the Russian oil industry is owned by the State places it in quite a different category to oil enterprises run on individualistic lines. The Russian State is not under the necessity of showing a profit on its enterprises. Low prices do not necessarily mean the bankruptsy of the State in the sense they might spell bankruptsy of the private concern, but only that the people of the State must submit to a correspondingly lower standard of living as is the case in Russia today. This seems to be what is happening in Russia in respect to oil and various other products. In regard to oil, it has been reported that the Soviet Government, in order to obtain sufficient supplies for export, has strictly rationed the Russian people as to the amount of oil they may consume, those using more than the legal allotment being subject to prosecution. For many years the Socialists and Communists have been telling us that the elimination of "capitalism and imperialism" would automatically eliminate sources of friction between nations and thus remove a cause of international conflict. Now, on the contrary, the Russian brand of communistic production and forced export sales or "dumping" seem to be more imperialistic than anything which private capitalism was able to produce in the past glorious era of unrestricted private competition. Instead of removing the sources of friction between nations, the Soviet policy seems to be having the opposite effect, not only between Russia and the capitalistic nations immediately concerned, but also in countries which serve as possible markets and thus occupy the position of "third parties" in the international scramble for export trade. One cannot imagine the large foreign oil companies with millions of dollars invested in distributing

facilities in China submitting to Soviet underselling without putting up a strong fight. Also, one cannot imagine China voluntarily opening up her market to Soviet products without some compensating benefits on the other side in the form of an adjustment of outstanding diplomatic problems which range all the way from communistic intrigue within Chinese territory, Soviet aggression in North Manchuria and the military occupation of Chinese territory in Outer Mongolia.

WAS C. T. LIANG MURDERED BY THE COMMUNISTS?

C. T. LIANG, Chinese graduate of Harvard, was correspondent for *The Review*, stationed at Wuchang (near Hankow), in which connection he contributed numerous articles dealing with the political and military situation in Central China. Due to his connection with the faculty of one of the Chinese schools, Mr. Liang was in an excellent position to find out what was going on in his district, particularly the activities of the Communists and red-bandits. Mr. Liang's last article, entitled, "General Chiang and Bandit Suppression in Central China," appeared in our issue of January 3, the article dealing with the Government's plans for suppressing Communism. Previously, Mr. Liang had provided detailed information regarding the exact location of the leading red armies with the names of their leaders. In his last article, Mr. Liang told of a Communist plot in Hankow to assassinate Gen. Chiang Kai-shek on his recent visit to that city, said plot having been discovered and resulting in the execution of several of the ring-leaders. A few days ago *The Review* received a letter from E. A. Turner of the Wuchang Y.M.C.A. stating that Mr. Liang had gone to his native home in Hupeh province for the school holidays and had failed to return. No details of his whereabouts were available, but according to report he had been murdered by the red-bandits. Prior to his going to Wuchang about a year ago, Mr. Liang was connected with the National University at Nanking and also contributed to the Chinese newspapers in Shanghai. Mr. Liang was a native of Hupeh and received his education at Tsinghua in Peiping and at Harvard University.

SINO-JAPANESE QUESTIONS NOW MOST PROMINENT

OF all the diplomatic problems outstanding between China and foreign countries, those pertaining to Sino-Japanese relations are now most prominent and most likely to cause complications. The reason for this is that while most of the foreign countries having relations with China have been moving toward a readjustment of their troubles, Japan has generally pushed her problems into the future, witness the recent belated settlement of the claims growing out of the so-called Hankow and Nanking incidents of 1927 and the equally belated agreement to Chinese tariff autonomy. The chief of the outstanding problems in the relations of China and Japan include,

1.—Railway matters in Manchuria, including the South Manchuria Railway concession and the Dairen leased zone.
2.—The so-called Nishihara Loan Scandal.
3.—Exterritoriality and the question of a new commercial treaty to replace the treaty which expired two years ago.
4.—Rendition of Japanese port concessions in Hankow, Tientsin, Szechuen and elsewhere.

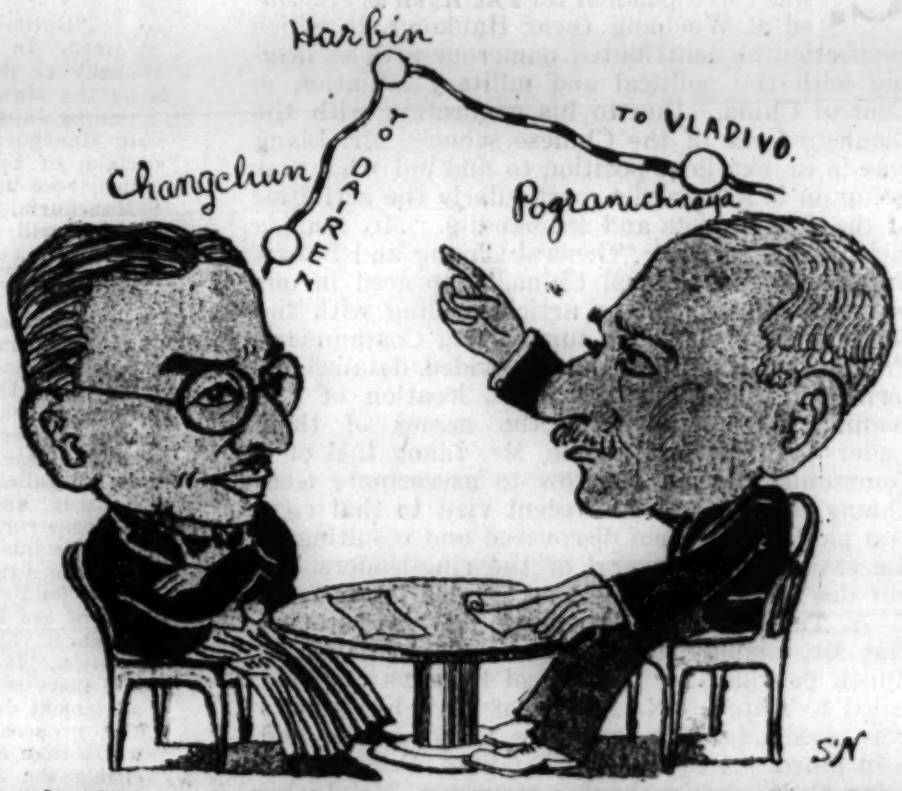
Of these various problems, those pertaining to the railway situation in Manchuria are most important since they have a direct bearing on the territorial, economic and political integrity of a considerable portion of Chinese territory. Negotiations opened in Mukden on March 7 for a settlement of these various problems, the following editorial comment from *The Chinese Nation* for March 11, indicating the importance of the questions involved.

> "Optimism at this moment can hardly be entertained. In the course of negotiations treaties of a shady or doubtful origin will not be unchallenged by the Manchurian authorities. The tireless assertion by Japan of so-called special rights and interests in Manchuria will inevitably run counter to China's claim of sovereign authority. And Japan's known insistence upon securing her economic domination of Manchuria, centered as it is on the control of railways, will provide the ever dangerous rock upon which the conference may likely be wrecked. Official and semi-official reports on the eve of the conference were not at all happy auguries. Prior to the meeting last Saturday the director of the South Manchurian Railway submitted to the Manchurian authorities a set of proposals which, reports are agreed, demanded the completion of the Kirin-Tunhwa Railway to the Korean border, the settlement of various questions concerning competition between the Japanese and Chinese railway lines, especially those described as "paralleling" the Japanese South Manchurian Railway, and the conversion of Japanese loans for the construction of the Taonan-Tsitsihar and Kirin-Tunhwa lines into a loan to the Chinese Government.
>
> The first two proposals already have aroused much public opposition in Manchuria. The completion of the Kirin-Tunhwa line to connect it with the Japanese railway system in Korea is not a new proposition. It has been consistently resisted by China, and there is no reason for the Japanese to expect an abatement of Chinese opposition at present moment. The proposal arouses the fear of something much worse than economic exploitation. It not only would enable the Japanese to draw on the resources of North Manchuria, but it would also likely result in Japanese occupation of the territory to be traversed. When the history of the South Manchurian Railway is remembered, Japan need not wonder why her assistance in completing or building any railway line in Manchuria must be declined with thanks. The alleged secret agreement pledging China not to construct any main line in the neighborhood of and parallel to the South Manchurian Railway, or any branch line which might be prejudicial to the line is an agreement of a shady origin, if it ever existed. The alleged provision is ludicrous and is acted upon by Japan in order to obstruct the building of Chinese lines even quite a few hundred li apart from the South Manchurian Railway. Since the South Manchurian Railway passed into Japan's control in 1905 Manchuria has undergone many vital developments. Then a sparsely settled territory, it has in the last quarter of a century grown into a most prosperous part of China with a total population of over 34,000,000 inhabitants. The existing railways leave large areas still unexploited in natural resources. That there is ample space for railway construction is not denied. The hindrance to future development lies in the obstructionist attitude of the Japanese Government. After closing the door to railway enterprises of other foreign nations, Japan has been most reluctant to see China develop her own territory and has been seeking in every way to check her efforts. One the other hand, a monopoly by Japan of the economic development and exploitation of Manchuria simply cannot be entertained, whatever the threats or excuses.
>
> To judge by reports from the North the Manchurian authorities are not undetermined to end the present *impasse*. In an interview with press repre-

sentatives in Peiping last week a member of the Northeastern Communications Committee indicated that the railway tangle could only be settled by Japanese relinquishment of all special privileges in Manchuria. Or, as the Japanese *Rengo* service puts it, the gentleman called upon Japan to give up all her privileges, "whether legally or illegally maintained." We do not suppose there is much difference between the two versions. For the special privileges claimed by Japan in Manchuria were mostly forced upon China as *de facto* accomplishments without a treaty basis. Unless the Japanese authorities are willing to part with them, reconciliation of Sino-Japanese differences in Manchuria will ever remain a fruitless attempt.

In regard to the other questions, a report in *The China Press* on March 15 stated th at there were unconfirmed reports in circulation in Nanking that M. Shigemitsu, Japanese Charge d'Affaires, had stated that Japan "would be willing to reduce the Nishihara loans by two-thirds, providing the National Government would assume responsibility for the remaining one-third. However, against this report was a telegram from Tokyo on March 9 quoting Baron Shidehara, Foreign Minister and Acting Premier as declaring that the Nishihara loans "must be paid." The report in *The China Press* (see also *The Review* for March 14) stated that the National Government never has been able to obtain any accurate statement regarding the exact total of these loans, the amount being estimated "somewhere between $300,000,000 and $400,000,000." A Japanese report from Nanking on March 12 claimed that the Japanese Government had agreed to reduce the total of the Japanese loans by 10 percent, leaving a net balance of Yen 130,500,000 to be liquidated. This sum now amounts to about $280,000,000 (silver) at present exchange rates. As to the extrality and concession questions, the report from Nanking referred to in the foregoing stated that little progress had been recorded in the Wang-Shigemitsu conversations, further than a Japanese counter proposal to the following effect.

1.—The National Government to establish in Shanghai, Hankow, Canton, Tientsin and Peiping modern Chinese Courts to try all civil suits involving Japanese subjects;
2.—To appoint as judges foreign jurists who are well acquainted with foreign customs and psychology; Japanese attorneys to have the right to represent Japanese defendants in mixed cases; and
3.—To transfer all civil and criminal cases involving Japanese litigants to any of the five Courts mentioned above from any place outside of the five cities concerned.



In addition to the Sino-Japanese complications in Manchuria over the railway question, the Japanese and Soviet Russians are also involved in an apparently never-ending squabble over the coordination of their railway activities in Chinese territory. This cartoon, reproduced from the March 1 issue of the *Manchuria Daily News* (Japanese organ) indicates the most recent Russo-Japanese complication over the routing of products from North Manchuria to the sea-coast. The Soviet Russians, who control the Chinese Eastern Line naturally favor their own port of Vladivostok, hence divert most of the products to that port to the detrimentof the Japanese-controlled port of Dairen. The inscription under the cartoon, which was headed, "Soviet Ego," accused the Soviet (represented by figure on right) of charging quadruple freight rates on merchandise to Dairen, due to the Soviet desire to favor their port of Vladivostok.

HOW WILL THE DOG-GAMBLERS GET AROUND THIS?

SOMETIME ago the Chinese Ratepayers Association, including most of the qualified Chinese voters and property-owners in the International Settlement, sent an inquiry to the National Supreme Court in Nanking regarding the legality of Chinese attending the British dog-race pari-mutuel gambling resorts in the Settlement. The Chinese Supreme Court, in reply to this petition issued the following opinion.

> "Persons (Chinese or foreigners subject to Chinese law) who attend greyhound racing courses issuing lottery tickets which have not received legitimate sanction by the competent authorities, and purchase such tickets, shall be considered as gamblers and punishable under Article 278 of the New Criminal Code."

Article 278 of the New Criminal Code reads as follows:

> "Whoever gambles for money or other article of value shall be punished with a fine of not more than one thousand yuan (dollars); Provided that the staking of articles for the purpose of temporary amusement by means of gambling shall not constitute an offence under this articles;"

While it is true that the dog-gambling resorts in the International Settlement are British incorporated, hence beyond the reach of Chinese law due to the system of exterritoriality, this does not remove the Chinese employes of the resorts or the Chinese customers from liability to prosecution. There has been no official statement on the part of the authorities of the International Settlement as to the methods they intend to pursue in closing the British dog-tracks on March 31, but the recent ruling of the Chin-

ese Supreme Court at Nanking offers one certain way of putting an end to the nuisance—the arrest and prosecution in the local Chinese court of every Chinese found at the dog-tracks, whether employe or attendant. Since the Chinese law permits a fine up to $1,000 the enforcement of Article 278 would bring an immediate stop to the dog-gambling evil, because the tracks would immediately be forced to wind up if they could not obtain Chinese patronage.

Can China Adopt and Enforce a "Five-Year-Plan?

OF ALL of the pronouncements of the National Government since its formation in Nanking four years ago, the report of T. V. Soong, Finance Minister, regarding the condition of China's finances for the fiscal year, which was made public this week is probably the most enlightening that has been issued by any government department. The reason for this statement is due largely to the fact Mr. Soong has gone further than the presentation of dry figures of receipts and expenditures which ordinarily are understood only by bankers and accountants. The statement is reprinted in full elsewhere in this issue of *The Review* and readers will find therein the answers to questions pertaining to foreign loans and currency reform, a balanced budget, military and civil expenditures, the abolition of likin and introduction of a new and modernized system of taxation, the problem of refunding foreign and domestic loans; the function of the Central Bank and finally the great need for the creation of a planning organization that would map out the essential objectives of the Chinese people and their new National Government.

Of all of the eight and more columns of newspaper space occupied by the Finance Minister's report, the most significant and far-reaching suggestions appeared in the last six paragraphs and were concerned with the necessity for the early adoption of a definite plan or objective that would coordinate the work of the various ministries and departments—thereby making the Government a unified and effective instrument to serve the nation. To quote the Minister's words,

> The past seven years have witnessed the establishment of the National Government at Canton, the steady extension of its authority throughout the country, and the continual struggle for the maintenance and further consolidation of its authority. These have in the main been accomplished, but with the return of peace and order, the people require of the Government more than the mere suppression of militarism and communism. With the development of political consciousness, with the releasing of the productive energies of the nation through tariff autonomy and the abolition of likin, and above all with the sharp impinging of outside forces on China such as the world-wide economic depression and the fall of silver, more is demanded of the Government than an abstract balanced budget. What is required is vaguely expressed in the popular mind by the word "reconstruction."
>
> Questions are being asked everywhere as to what is being done for the creation of a stable currency, the development of domestic industries, the revival of the tea and silk trades, the opening up of new lines of communication, the promotion of mass education and public health. To these questions, the mere attainment of budget equilibrium does not provide a sufficient answer.
>
> Reflecting the widening requirements of the public, we have seen each department of the Government proposing its own pet projects, all of them involving huge expenditures. Doubtless many of these projects are in themselves sound but they must be unrealizable because of the known lack of funds, and the fact that they are not co-ordinated with the projects of other departments.
>
> During the crisis of the World War, the Western nations increasingly used the state to co-ordinate and direct the productive forces of the country, and with the visitation of the world-wide economic depression this tendency is further emphasized. The most outstanding example of deliberate planning by the state is that of Soviet Russia, where the Supreme Economic Council guides and entirely controls the co-ordination of the productive activities of the country, and through the so-called Five Year Plan is aiming at the astounding transformation of Russia into an industrial state.
>
> Surely a case has been made for discarding the haphazard, unrelated, and clashing programs of the various branches of the Government, and the creation of a really effective planning organization, which would guide the productive forces of the country, co-ordinate the activities of the ministries, and rigidly map out the essential ends which for a given course of years each of the different components is obliged to pursue. With such co-ordinated and purposeful activity within the Government, whereby it is made a unified and effective instrument to serve the nation, the financial resources available within the country itself for constructive development will prove to be greater than is ordinarily realized.
>
> In the final analysis the national budget must not be considered as running for one fiscal year only, nor as a static and mechanical balance between receipts and payments to be brought about through a negative policy of cutting down expenditures. A budgetary policy to be adequate to meet the needs of the time can perhaps be attained only through the adoption of a positive program of systematic and co-ordinated expansion extending through a series of years.

Gen. Chiang Kai-shek once made an address in Nanking wherein he declared that the three greatest faults of the Chinese people are lack of discipline, carelessness and inexactness—faults which have been evident in the Nanking Government since its establishment four years ago. To remedy this situation and provide the Government with a definite objective, Mr. Soong has recommended the creation of an effective planning organization which would guide the productive forces of the country, coordinate the activities of the ministries, and rigidly map out the essential ends which for a given course of years each of the different components would be obliged to pursue. What Mr. Soong had in mind was some organization similar to that which has been created in Russia in connection with the so-called Five Year Plan. In this connection he said, "The most outstanding example of deliberate planning by the state is that of Soviet Russia, where the Supreme Economic Council guides and entirely controls the co-ordination of the productive activities of the country, and through the so-called Five Year Plan is aiming at the astounding transformation of Russia into an industrial state."

Mr. Soong might have gone still further and explained that the early consummation of the Soviet Five Year Plan has made it necessary for China to effect some similar machinery for the coordination of the activities of the State, otherwise China is likely to be completely overwhelmed by the Russian colossus. Although it is too early to forecast the outcome of the Russian plan and its ultimate effect upon the world, present evid-

ence points to a successful completion of the industrialization program considerably ahead of the time limit originally set. The Russian Five Year Plan was the outcome of the Fifteenth All-Union Party Congress in Moscow which gave instructions for the working out of a clear-cut five-year plan for the economic development of the Soviet Union, the object being "to overtake and outstrip" all the leading capitalistic countries in technical and economic development. Whether or not one agrees with the Rusian objective, the facts stand that the Russian leaders have outlined a scheme for the construction and reconstruction of a land occupying about one-sixth of the world's surface and including about 140,000,000 of the world's population. The plan includes road and railroad construction, agricultural and mineral development and industrialization in all the essential lines such as chemicals, iron and steel, including the production of motor-vehicles and agricultural implements, development of hydro-electrical resources, etc. A summary of accomplishment to date, which appeared in the *Moscow News* for Feb. 26 stated that present progress pointed to the domestic production of more than three-fourths of all industrial products needed in the country through the creation of more than 2,000 new enterprises. Already they are beginning to turn out tractors and agricultural implements and even the Shanghai market is beginning to feel the effect of the competition of Soviet products. The weak spot in the Russian plan is the obvious impoverishment of the Russian people, because an economically prosperous Russia would be able to absorb the output of the new factories. This, plus the vital need for foreign credits to pay for the new machinery, is the reason for the "dumping" of Soviet products abroad.

In recent months China has been the object of investigation on the part of economic missions from various countries. Industrial interests in these various nations are thinking of China largely in terms of outlet for their surplus manufactures. The great and vital need for foreign markets on the part of Japan and the industrialized nations of the West places China in an advantageous position from the standpoint of her future needs, but serious danger for China lurks in this coming fierce international competition unless the Chinese Government quickly coordinates its activities and develops its own "China Plan." Unless the Chinese Government is able to quickly decide upon its own major objectives, China is likely to serve merely as the dumping-ground for the surplus production of other nations, and the Chinese people will continue to serve as the "hewers of wood and the drawers of water" for the rest of the world for another half-century.

ARNHOLD DEFEAT A REBUFF FOR DOG-GAMBLERS

THE foreign voters of the International Settlement administered a sound rebuff to the whole dog-gambling fraternity in Shanghai at the annual election for Municipal Councillors held in Shanghai on March 17. C. H. Arnhold, director of Arnhold and Company and also a director of the British dog-race pari-mutuel gambling resort known as "Luna Park" was soundly defeated, the number of votes he received being nearly 300 below that of the lowest successful candidate. Arnhold and Company, of which C. H. Arnhold is a director is a subsidiary of the British-Indian Jewish Sassoon interests which have large investments in Shanghai real estate and other interests. The results of the municipal election were as follows:

K. Fukushima (Japanese)	1,086
O. Okamoto (Japanese)	1,086
E. B. Macnaghten (British)	965
G. W. Sheppard (British)	904
J. W. Carney (American)	884
A. J. Hughes (British)	872
N. S. Brown (British)	860
A. D. Bell (British)	855
F. J. Raven (American)	795
C. H. Arnhold (British)	506

Aside from the defeat of Mr. Arnhold, the significant feature of the election was the voting strength of the Japanese population which "plumped" for the Japanese candidates thus giving them the largest vote received. The Japanese also, apparently, voted almost unanimously against Mr. Arnhold, but they were not alone in this as there also was a strong feeling in the non-Japanese foreign community against him on account of the attempt of the proprietors of the British dog-gambling interests to flout the moral sentiments of the entire community which has been determined for long to put an end to this nuisance in the International Settlement. The sound defeat administered to C. H. Arnhold, who is a director in the chief British greyhound racing resort, should be sufficient to convince the whole dog-gambling fraternity that Shanghai has enough of this sort of business and will stand for no further attempts to continue their nefarious enterprises after the enforcement of the Council's closure regulations on March 31.

Siamese King and Queen to Proceed to United States

Royalty will pay Shanghai a brief visit when the s.s. *Empress of Japan* arrives in Shanghai from southern ports April 3, with the King and Queen of Siam on board, en route to the United States via Japan ports. The Royal party will have an entourage numbering between 30 and 40 court officials and servants, and will occupy about one-half the cabin space on the boat, which is making an extra day's stay in Japan in order that the Japanese Imperial family may extend its hospitality to the Siamese vistors.

At Shanghai the King and Queen will be met at the ship by the Minister for Foreign Affairs, Dr. C. T. Wang, who will extend the greetings of the National Government of China.

Lawrence Kentwell Announces Abandonment of British Nationality

Lawrence K. Kentwell, an Eurasian, born at sea while his mother was making a voyage between Honolulu and Hongkong, formerly practising law in Shanghai as a British subject, now residing at Canton where he assists in publishing *China Truth*, has given notice by an advertisement in the *N. C. D. News* that he has renounced his allegiance to the British Crown and has resumed the general practice of his profession as a citizen of the Republic of China. Mr. Kentwell had a stormy career in Shanghai several years ago when he refused to pay taxes to the Municipal Council, giving as his reason that he did so as a protest against Britain refusing to surrender its exterritoriality in China. When brought before the British Court in Shanghai Mr. Kentwell claimed that he had then already renounced his British nationality.

Quarter-Century Experience in China Machinery Trade

THERE is not to be found anywhere an apter illustration of Emerson's dictum that an institution is the lengthened shadow of a man than is exemplified by the firm of Andersen, Meyer & Co., Ltd., of China, an American corporation, the guiding genius of which is Vilhelm Meyer, not a citizen of the United States, but a Danish subject. Twenty-five years ago, Mr. Meyer, after a short banking experience, in partnership with two other Danes who have long since had no connection with the company, started a small firm in an obscure street in Shanghai, which was destined to be the principal American machinery firm in China. Already then Mr. Meyer saw that the basis of a really successful business house in China should be laid on somewhat different foundations than those obtaining with most of the mercantile houses then established in China. They dealt mostly in sundry articles. Mr. Meyer saw that the real opportunity lay in machinery, particularly in electrical machinery, and with the assistance of Fearon, Daniel & Co. he established in 1907 an engineering department. It may be mentioned incidentally that at this time the Japanese had the upper hand in the representation for American electric business, but Mr. Meyer, during a trip to the United States was able to convince the General Electric Co. of Schenectady, and other leading manufacturers of engineering equipment, that they could safely entrust their future business in China to his firm, and his firm has continued to represent them to this day—and with marked success.

An idea of the development of the machinery trade in China may be gained from the following Customs figures: In 1900 the total value of imports of machinery of all descriptions into China amounted to ₹1,500,000. In 1910 machinery imports, exclusive of railway equipment, increased to ₹9,000,000. (railway equipment amounting to an additional ₹15,000,000). In 1920 the value of machinery imported reached a total of ₹31,000,000. In 1929 the total value of machinery imports, exclusive of railway equipment totalled ₹47,000,000. (railway equipment amounting to ₹15,000,000.00 additional). It will thus be seen that China's annual imports of machinery and railway equipment increased from a total of ₹1,500,000 in 1900 to ₹62,000,000 in 1929.

Andersen, Meyer & Co., Ltd. will celebrate the 25th anniversary of its foundation on March 31, 1931, and to commemorate the event the Company has issued a large volume on art paper, with full text both in English and Chinese, edited by Charles J. Ferguson. One cannot peruse the record of this firm without being thrilled. Let it be impressed on the mind of the reader that the brains of the largest firm in China pushing the sale of American machinery is not an American. The firm of Andersen, Meyer & Co. was originally a Danish concern, but even as such it specialized in American machinery. The real opportunity came during the World War when Mr. Meyer in 1915 once more visited the United States and while in New York, made arrangements to transform his firm into an American corporation. The new firm was incorporated July 7, 1915, with an authorized capital of Gold $350,000, all of which was taken up by Mr. Meyer and a few of his friends. The principal American stockholders were Galen L. Stone and Willard D. Straight. Mr. Stone became the first chairman of the board of directors, Mr. Meyer was chosen as president, and E. B. Bruce, legal adviser and vice president of the Pacific Commercial Co. of Manila, was made vice president. At the end of 1916 Messrs. Stone, Straight and Bruce conceived the idea of forming a finance corporation, known as the Pacific Development Corporation, and the latter eventually became sole owners of Andersen, Meyer & Co., Ltd. The subsequent operations of the Pacific Development Corp. were disastrous in many respects, among the unfortunate investments being a loan of Gold $5,000,000 to the then Chinese Government, secured by the wine and tobacco tax,—a loan on which no principal or interest was ever paid. The difficulties of the Pacific Development Co. involved Andersen, Meyer & Co., the crisis coming in 1921. But, thanks to the whole hearted support which the company received from its bankers and the large manufacturing companies it represented Andersen, Meyer & Co. were able to weather the storm and through a reorganization, principally supported by the General Electric Co., the Baldwin Locomotive Works, Saco Lowell shops, and other manufacturers, ownership of the company was re-acquired from the Pacific Development Co. From this time on the company discontinued all export business and more than ever concentrated on engineering lines. The late Galen L. Stone, partner of Hayden, Stone & Co., the late A. W. Burchard, president of the International General Electric Co., the late M. A. Oudin, vice president of the International General Electric Co., all assisted Andersen, Meyer & Co., Ltd. in achieving its present high position in the engineering business of China.

The board of directors at present is composed as follows: Wm. de Krafft, chairman; V. Meyer, president and general manager; C. E. Acker, treasurer of the Baldwin Locomotive Works; L. J. Belknap, president of the Worthington Pump and Machinery Corp.; A. S. Cobb, vice president of the Bankers Trust Co.; S. M. Crocker, vice president of the International General Electric Co.; J. W. Doty, president of the Foundation Co.; W. J. Edmonds, vice president of the International General Electric Co.; R. F. Herrick, jr., director of the Saco Lowell Shops; W. E. Kugeman, vice president of the American Radiator Co.; and C. H. Minor, president of the International General Electric Co. The Company maintains an office in New York with P. N. Forum, vice president

and secretary in charge. In Shanghai, Clifford H. French, vice president and treasurer, and W. Wright vice president and sales manager, assist Mr. Meyer in the executive offices.

Wherever one goes in China one will find equipment furnished by Andersen, Meyer & Co., Ltd. Locomotives, freight and passenger cars on the railways, machine shops, cotton mills, water towers, and water works, pumping installations, and most anything in the engineering line. Equipment for telegraph, telephone and radio equipment has also been supplied. The company has established branches in all the leading cities of China, and maintains a close connection with the China General Edison Co., Inc., manufacturers of electric lamps. It is stated that nearly half of the electric lights used in China are distributed by this firm.

The head office of the company is in leased premises, Nos. 4, 5 and 8 Yuen Ming Yuen Road, Shanghai. The company maintains the following departments: textile machinery, power plant machinery, electrical department, electrical installation department, domestic refrigeration, X-ray, general machinery, building construction, building supplies, plumbing and heating, agricultural, and drugs and chemicals. Associated with the offices in Shanghai are experts from the various companies which the firm represents among them being the following: E. C. Fox, P. J. Rodney, R. T. Down, F. L. Robbins, H. H. Abeling, W. M. Peach, P. B. Havens and H. V. Stokely.

Space does not permit a full review of the achievements of this great firm. Suffice it to say it has a record of which any firm may be proud. Those who are interested in obtaining a more complete outline of the firm's operations should secure a copy of their anniversary book, which was printed in Shanghai by Kelly & Walsh. H. H. Kung, Minister of Industries, addressed a letter of congratulation to Mr. Meyer on the occasion of the anniversary and a facsimile of Dr. Kung's letter appears as the frontispiece to the book.

G. W.M.

Anniversary of Dr. Sun Yat-sen's Death Is Observed

The sixth anniversary of the death of Dr. Sun Yat-sen, founder of the Republic and the Kuomintang, was celebrated throughout China March 12. All government offices in the country as well as courts, post offices and civil and military organs observed the day.

In Shanghai an elaborate ceremony, arranged by a joint committee of the municipal government of Greater Shanghai, the Woosung-Shanghai Garrison officials and the District Kuomintang, was held at the Chinese Chamber of Commerce, North Honan Road, at which more than 500 persons, representing 150 public organizations and schools attended the service. It was presided over by Yang Ching-yuen, chief of the publicity department of the Kuomintang. Services also were held in the magistrates' yamens at Pootung, Kiangwan, Woosung, Chenju and other suburban districts of Greater Shanghai.

Dr. Sun Yat-sen was born in the Hsiangshan district, Kwangtung Province, November 12, 1866, and died at Peiping March 12, 1925, while he was waiting in that city, then the capital, to hold a National People's Assembly. Dr. Sun was the author of San Min Chu I, or the Three People's Principles, and Woo Chuan Hsien Fa, or the Five Power Constitution, on which the National Government and the Kuomintang now are being conducted.

America Protests to Nanking on Captivity of Two Missionaries

The long continued captivity of Rev. Bert Nelson and Rev. Kristofer Tvedt, American missionaries in North China, has resulted in Nelson T. Johnson, American Minister to China, being instructed by the State Department to make urgent representations to the National Government at Nanking at once. Later dispatches declared that Chinese military authorities had beed instructed to obtain the release of Mr. Nelson and Mr. Tvedt, who were captured last October.

America Not to Change Its Policy Toward Soviet Russia

The fact that Secretary of State Stimson has selected his law partner Allen Klots to make a study of conditions in Russia has revived the whole matter of America's attitude toward the Soviet Government. The United States has consistently insisted that there will be no diplomatic relations between America and Soviet Russia until the Communist Government at Moscow recognizes Russia's international obligation in the matter of debts. An official announcement at Washington was made last week that no change in American diplomatic policy was contemplated.

1536 Foreign Pupils, 3281 Chinese in Shanghai Municipal Schools

A total of 1,536 foreign and 3.281 Chinese children were enrolled in the Shanghai Municipal Council schools during the current term, according to an announcement made by L. C. Healey, superintendent of the education department. The Public School for Girls, Yulin Road, has 96 pupils; the Junior School for Boys Tifeng Road, 194; Thomas Hanbury School for Girls, Boone Road, 207; Public School for Girls, Boone Road 211; Public and Thomas Hanbury School for Girls, North Szechuen Road, 402; and the Public School for Girls, Yu Yuen Road, 426.

The Public School for Chinese heads the list of Chinese schools with 616 pupils. Next is the Poloytechinç School in Kwangse Road, 505; Nieh Chih Kuei Public School, Baikal Road, 483; Ellis Kadoorie Public School, Shanhaikwan Road, 461; Eastern District Public School, Wayside Road, 436; Northern District Primary School, Elgin Road, 450, and the Western District Primary School, 330.

Dr. Remer Speaks on Relationship of Government and Business

Dr. Charles Remer of the Department of Economics at the University of Michigan, in an address to the Literary Department of the Shanghai American Women's Club, March 10, on the subject of "Business Conditions, Past and Present, in China," descussed the proper relationshsip betwen the government and business interests. "The whole history of all the nations of the West could be written about this relationship," Dr. Remer said. "The strength of the government is reflected in its economic strength." The answer made by the Western world to the question of the proper relationship betwen these two interests has been quite different from that made by "old China," or "traditional China," he said. Dr. Remer traced the development of China's old answer to the question, as the natural result of economic and business conditions in early times. The nation thought the emperor governed by the possession of some peculiar heaven-sent virtue, and the officials who were appointed to represent him, especially in the capacity of tax collectors, were supposed to reflect some of that quality. The government was conducted by a system of bureaucracies. The collectors of taxes were motivated by the desire to "line their own pockets," he said. This constituted their chief interest in business in each district. Banks at the time were devoted to the exchange of money and were not concerned with the provision of capital to promote any kind of business. The farmer or merchant secured financial help from his own family. Business was conducted largely as a family affair. The manufacture of goods was usually in the hands of a master craftsman. Some of it, however, was done in the household. Some of it was handled by a merchant-employer, or middleman, system. The control of all this was through the guild, one of whose functions was to resist the government official in his work of raising taxes. Thus, in traditional China, industry was sterotyped. There was no harmony between government, finance, and industry. Dr. Remer favored the development of private enterprises, independent of government support or intervention. He said that such a system could be worked out in China, though slowly and with difficulty because of the lack of anything of the sort in the back-ground of the Chinese.

Finance Minister T. V. Soong Issues Annual Report

Below is the complete text of the annual report on the national finances of China covering the 18th fiscal year of the Republic of China, ending June 30, 1930, made end of last week by T.V. Soong, Minister of Finance. Mr. Soong recommends discarding the haphazard, unrelated and clashing program of the various branches of the Government and the creation of a really effective planning organization, capable of guiding the productive forces of the country, co-ordinating the activities of the ministries and rigidly mapping out the essential ends which, for a given course of years, each of the different components would be obliged to pursue.

TO the Political Council of the Central Executive Committee Sirs:—Following the precedent established in March last year, I have the honor to submit the second annual report on the national finances, covering the 18th Fiscal Year of the Republic ending June 30, 1930, and including such information as is now available for the period since the close of the fiscal year.

During the period under review China in common with every other country suffered severely from the world wide economic depression. For China the depression is aggravated because silver, the currency of the country, has fallen to unprecedented low levels, demoralizing import trade, at a time when foreign demand for Chinese produce was at an ebb.

Mr. T.V. Soong, Minister of Finance

In addition, the Government was engaged in the most serious civil war which it has had to confront since its inception. Beginning with May, 1930, for a period of six months the very existence of the Government was threatened at once by the feudal reaction of the Northern militarists, and by the communist - bandit outbreaks in the South.

By late Autumn, the militarists' coalition was finally overthrown, and the main bands of the Communists driven into southern Kiangsi, making it possible for attention to be turned to urgently needed measures of economic and financial reform. But the benefits expected to accrue to the Treasury have been temporarily offset by continuance of the general economic depression and the low value of silver.

Receipts and Payments

The figures contained in the following statement* of the past fiscal year show the receipts and payments of the Ministry of Finance as recorded by the Department of Accounts. They include so far as possible the receipts and payments on account of more or less regional and independent authorities which came under the authority of the National Government during a part of the fiscal year, and are based upon fuller information than was available for the report of last year.

Customs

Commencing February 1, 1930, import duties were collected in terms of gold. A new unit, the Customs gold unit, was created for the purpose, this unit being made to equal U. S. $0.40, pence sterling 19,7265 and yen 0.8025. For *ad valorem* duties the conversion into the new unit presents no difficulties. But for specific duties which in terms of gold had become heavily depreciated, the rates have been restored to their approximate equivalents in gold by converting them on a basis of 1 Haikwan tael to Customs gold unit 1.50 from February 1, 1929, and to 1.75 Customs gold unit from March 16, 1930, onward. The change has operated to maintain, in face of the phenomenal drop in the price of silver, a relatively stable gold income for the Government, enabling it to continue to pay its customs-secured gold obligations.

During this year also, the series of tariff autonomy treaties with the different countries was completed by the Agreement with Japan on May 10, 1930, which marked the universal formal recognition of an important sovereign right.

Customs revenue for the last three calendar years was as follows:

	1928	1929	1930
Import duty	$72,074,000	$166,241,000	$211,786,000
Export duty	41,939,000	56,254,000	55,379,000
Coast trade duty	4,184,000	5,636,000	6,398,000
Tonnage dues	4,597,000	4,925,000	4,825,000
Transit dues:			
Inwards	4,017,000	2,920,000	2,305,000
Outwards	804,000	911,000	943,000
Native customs	5,370,000	6,828,000	9,654,000
Junk dues	238,000	251,000	254,000
	$133,223,000	$243,966,000	$291,444,000

Although from 1928 to 1929 the value of imports increased by 6%, and on February 1, 1929, a higher tariff became effective, the notable difference in the figures for the two years is to be accounted for principally by the consolidation of the customs surtax and the excise taxes on petroleum products with the regular duty commencing from the latter year.

From 1929 to 1930 the volume of imports declined heavily but nevertheless revenue (in silver) increased greatly because of the collection of duties on a gold basis since February, 1930. This increased revenue, however, is almost entirely offset by the greater cost of the service of loan and indemnity obligations payable in gold. The annual service of such obligations that are being paid out of customs and salt revenue aggregates £8,500,000. The cost of remitting that sum at the average rates of exchange obtaining in recent years is shown below:

Period	Rate, $ local currency per £, approximate	Approximate cost in $, local currency
1925 average	$ 8.90	$ 76,000,000
1929 „	11.70	100,000,000
1930 „	16.70	142,000,000
Jan. 1931, average	21.60	184,000,000

On January 1, 1931, the Government abolished coast trade duties, transit dues and all native customs duties levied at points more than 50 li from treaty ports. Native customs duties levied within the 50-li area on imports from abroad were at the same time abolished, while those on domestic produce are to be abolished as soon as the export tariff is revised. These measures have caused a heavy loss of revenue, which the Government could ill afford, but they will be amply justified by the resulting benefit to domestic trade.

On January 1, 1931, the first tariff promulgated after the completion of the series of tariff autonomy treaties was put into operation. Three principles influenced the drafting of the new tariff: (1) to reduce duties on materials essential to the country's industrial development; (2) to reduce the competition of foreign products with certain domestic industries whose growth is considered desirable; and (3) to obtain revenue to compensate for customs duties and other taxes reduced or repealed.

An analysis shows that in comparison with the 1929 tariff, nearly 10% of all imports show decreases in the rates, 43% remain unchanged, 21% show an increase of 21½%, 9% show increase of 5 or 7½%, while 17% show increase by 10% or more *ad valorem*. The sharpest increases in rates are on matches and chinaware. Other articles on which duties have been raised substantially are sugar, cement, glass, soap, cosmetics, silk, artifical silk, and woollen products. Upon a large list of articles, China's tariff rates are now comparable to those of the countries with high tariffs.

An estimate of the revenue which will result from the present tariff is admittedly difficult, as the volume of trade of the last three years is useless as a guide to accurate forecasting. As has been stated before the world-wide depression materially limits general trade, while the low value of silver accentuates the decline in import trade. Moreover, the higher tariff rates are in themselves a deterrent to consumption and an encouragement to smuggling. As an instance of these factors, the increase of duty on silk piece goods from 7½% in 1928 to

* Statement appears on page 82

General Statement of Cash Receipts and Payments for the Fiscal Year Ending June 30, 1930

Receipts

I.	Revenue:		
	1. Customs revenue		$275,545,215.61
	2. Salt revenue		122,146,170.67
	3. Rolled tobacco tax		36,566,506.41
	4. Tobacco and wine tax		6,830,995.48
	5. Stamp tax		5,426,844.40
	6. Flour tax		3,924,260.69
	7. Remitted by provincial governments		11,384,782.07
	8. Profit on the operation of the Central Bank, and dividends on other bank stocks deposited to credit of National Treasury		566,598.35
	9. Miscellaneous		21,309,161.17
	Total		483,700,534.85
	Less: Deductions for the support of revenue services, and refunds of revenue		45,637,326.02*
	Net total		$438,063,208.83
II.	Proceeds from borrowing:		
	1. Domestic bonds and treasury notes		90,510,656.13
	2. Bank loans	$111,695,663.70	
	Total issued	106,587,831.55	
	Less: Amount redeemed		5,107,832.15
	Proceeds		
	3. Bank overdrafts		
	Amount at end of period	8,965,665.81	
	Amount at beginning of period	3,641,443.67	
	Increase during period		5,324,222.14
	Total proceeds from borrowing		100,942,710.42
Total receipts made available to finance payments			$539,005,919.25

Payments

I.	Party		$4,617,000.00
II.	Civil establishments of the National Government		
	1. National Government Council and subsidiary organs		$ 1,832,830.84
	2. Executive Yuan and subsidiary organs		29,867,066.49
	3. Legislative Yuan and subsidiary organs		1,025,000.00
	4. Judicial Yuan and subsidiary organs		446,540.86
	5. Examination Yuan and subsidiary organs		605,000.00
	6. Supervisory Yuan and subsidiary organs		611,000.00
	7. Famine Relief		10,000,000.00
	8. Subsidies		
	Provincial and local governments	$ 5,802,691.83	
	Others	903,052.39	
	Total		6,705,744.22
	9. Miscellaneous		472,430.22
	Total of civil establishments		51,565,612.63
	Less: Refunds		95,135.65
	Net payments		
III.	Military establishments		51,470,476.98
IV.	Transfers to local authorities from the Salt Revenue Inspectorate		245,445,112.72
V.	Loan service, net amount		35,565,198.84
VI.	Indemnity, net amount		158,995,288.54
VII.	Net payments added to reserves and suspense items		41,252,970.16
			1,659,872.01
Total payments			$539,005,919.25

*Including sums deducted by revenue services for their support as follows:
Inspectorate General of Customs, $22,860,816.55; salt revenue services, $13,571,617.66; and other tax offices $8,529,960.19.

22½% in 1929 was followed by a reduction of imports from 426,000 Haikwan taels to 152,000 Haikwan taels. Signs are not wanting, indeed, that in relation to the economic condition of the country the law of diminishing returns would operate against any general raising of import tariff rates in the near future.

Salt

Further progress has been made in restoring the normal functions of the Inspectorate as regards collection, weighment and releasing of salt. The auditorates in Kiangsi and Hupeh were restored, and interference with the operations of the offices in Fukien checked. The Inspectorate service in Kwangtung had for some years been abolished and was not re-established until 1930, since when it has made a notable record. A collectorate was established in Honan in November, 1929, but it was unable to function until December, 1930. All the Inspectorate offices within the country have now been restored and many reforms within the service have been carried out, including the improvement of the personnel.

Between the Spring and Autumn of 1930, the Civil War disrupted all means of communication and stopped both supply and transportation of salt in several important districts. Nevertheless, revenue collected during the second half of 1930 considerably exceeded collections for the same period in 1929, which were given in the annual report for the previous fiscal year.

Comparative figures of salt revenue during the second half of 1929 and 1930:

	1929	1930
July	8,905,943	$13,082,116
August	8,738,908	9,928,017
September	12,245,726	12,578,082
October	11,156,885	14,087,935
November	9,267,794	12,504,725
December	7,204,700	13,627,423
	$57,519,956	$75,808,298

The total revenue collected by the Inspectorate for the fiscal year under review exceeded by $27,000,000 the average collection of the last normal five year period (1923-1927).

The total payments from the salt revenue for the service of foreign loans during the fiscal year amounted to £817,790, which absorbed $10,818,113. During the six months from July to December, 1930, payments amounted to £654,351, which absorbed $11,490,479.

Owing to the decline in the value of silver, the loan quotas established in October, 1929, proved insufficient to meet the service on the foreign loans and were increased by 30 per cent, from April 1, 1930. Quotas are now being regularly received from all parts of the country.

Wine and Tobacco Tax

During the fiscal year the administrative policies initiated in the 17th fiscal year were applied with increasingly effective results in these areas which were not too greatly disturbed by war conditions. The tax was fixed at the uniform rate of 20% in all provinces, and marked progress was made in the removal of local surtaxes and other miscellaneous levies. The registration of the wine and tobacco trade was completed in all but the distant and frontier provinces. Uniform regulations governing the administration of the wine and tobacco tax were issued, which replaced the contradictory and irregular rules hitherto obtaining in the provinces.

Since the preceding year, the collection of revenue has steadily increased, and during the six months from July to December, 1930, collections averaged rather more than $1,250,000 per month.

Stamp Tax

The outstanding progress of the year in the Stamp Tax Administration was the successful conclusion of arrangements for the enforcement of the tax on Chinese residents in the foreign settlements, particularly in the International Settlement and the French Concession of Shanghai. These arrangements are now operating satisfactorily in the main, and the revenue has been appreciably increased.

Continuing the efforts begun in the preceding year toward the removal of the system of tax-farming, which took the shape of associations and institutions contracting to take up a fixed amount of stamps annually irrespective of requirements, a compaign of publicity on the requirements of the law for the actual affixation of stamps was instituted. This compaign assisted in effecting the almost complete abandoment of the farming-out system at the end of the fiscal year. Complete success has also been attained in enforcing the use of National Government uniform stamps throughout the country. The result of all these efforts is reflected in the increase in stamp-tax receipts, and during the period from July to December, 1930, collections averaged over $600,000 per month.

Rolled Tobacco Tax

During 1930 the administration of the rolled tobacco tax was extended to Kwangsi and Honan and shipments of tobacco products through Weihaiwei and Dairen were brought under closer control. After March, 1930, during the period of military operations, collections in a number of provinces suffered, the monthly receipts averaging only $2,700,000. Since the cessation of military activities in October, receipts have again increased to an average of nearly $4,000,000 per month.

The rolled tobacco trade suffered severely during the year on account of the low silver exchange and the consequent high prices of imported materials. The attempt to cover this increased cost by higher prices was followed by falling off of sales. To meet the situation there was a marked tendency toward the production of cheaper grades of cigarettes and the crowding of prices of established brands into lower tax grades, so that trade earnings and Government revenue alike suffered. The trade repeatedly petitioned the Government for relief, and after careful consideration a reclassification from seven into three grades of cigarettes was made, affording more elasticity in price limits. The new classification became effective on October 1, 1930 and has unquestionably played a part in the revival of the revenue. It has also assisted the Government in checking fraudulent attempts to report sales prices lower than actually current in the trade.

Following the introduction of the new import tariff on January 1, 1931, the rates of the rolled tobacco tax were adjusted on the basis of 40% *ad valorem* but without changing the three-grade classification which had proved so satisfactory.

Improvement of System of Taxation

The National Government, upon its establishment at Nanking, fell heir to a motley collection of taxes, surtaxes and miscellaneous imposts which were levied without any pretense at system by innumerable bureaux all over the country. In 1928, in the city of Shanghai alone, there were counted over a hundred and thirty national and local tax offices. It has been the constant policy of the Ministry to reduce the number of taxes to a minimum and consolidate what remained in as few administrations as possible. The process has gone far indeed, and at present besides the Customs and Salt Administrations there remain only the Consolidated Tax Administration and the Wine and Tobacco and Stamp Tax Administration, not counting the bureaux for fishery and mining taxes. Such newly created taxes as those on cotton yarn, matches, and cement do not involve the creation of new bureaux, but are handled by the Consolidated Tax Administration at a trifling additional cost. The final logical development should be the merging of all tax services into Customs, Salt, and Internal Revenue Administrations, which would make for further simplification and economy in administrative expenses and effort.

The long awaited abolition of likin was actually carried into effect in January, 1931. Nothing shows more clearly the heightened moral sense of the Government and the people than the success attained in this reform. For decades the country had suffered from the irregular, burdensome and wasteful likin levies, but the fear of loss in revenue and the opposition of the vested interests involved had always operated against any real move toward its removal. The National Government since its inception has avowed the abolition of likin as one of its immediate tasks and has repeatedly attempted to carry it out, but the difficult financial situation and the constant wars persistently interfered.

This great reform measure has met with an astonishing degree of success, exceeding all expectations. While it is not to be expected that the order should be effective simultaneously throughout the country, it is safe to say even at this early date that, except in the border provinces, the abolition of likin has been very successful. There may still be isolated instances of attempts at subterfuges by local authorities in evading the order, but whenever they are discovered the Government has peremptorily ordered their suppression, while the merchants themselves are alert to challenge any attempt to continue the impositions.

The magnitude of the task undertaken may be gauged by the fact that over two hundred thousand people employed in collecting likin have been all at once thrown out of work, the number in the provinces of Kiangsu and Chekiang alone being over sixty thousand. The loss of revenue itself is estimated at over $80,000,000, but the direct saving to the people must be at least $160,000,000, the difference representing wasteful expenses and the various forms of irregularities which honeycombed the system.

Although the $80,000,000 annual yield had not been entirely collected by the Treasury, a portion being retained by the provinces, still the net loss to the Government has been considerable. In addition, in order to ensure the removal of likin in provinces which have been collecting likin and likin surtaxes although illegally, subsidies in aid have been granted to the provinces to the extent of $20,000,000 annually.

The abolition of likin carries with it the repeal of a variety of taxes of similar nature, such as railway goods tax, parcel post tax, lotishui, transit duty, coast trade duties and native customs duty (except intra 50-li native customs duty on domestic produce). This involves an additional loss of revenue to the Central Government of approximately $20,000,000.

To provide more revenue for the provincial governments so that they will not embark on a course of irre-

gular and unreasonable local taxes, provision has been made for the introduction of classified business license taxes. The rates are kept very moderate, but sufficient to cover any normal growth of the provincial budgets. These taxes will go far toward establishing a regular and reasonable system of taxation in the provinces, planned and administered under the unifying supervision of the Central Government, yet flexible enough to permit ready adaptation to the special conditions of particular provinces.

In order partly to compensate the National Treasury for likin losses, new excise taxes are being imposed on cotton yarn, matches and cement under the general principles of administration made familiar through the rolled tobacco tax. The production of these commodities is concentrated in a few areas, and in consequence taxes can be both effectively and economically collected. The new taxes became effective on February 1, 1931, and as already stated, they have been placed in charge of the Consolidated Tax Administration, which also collects the taxes on wheat flour and rolled tobacco.

Loans

As shown in the financial statement given at the beginning of this report, the net amount derived from borrowing during the fiscal year ended June 30, 1930, was $100,942,710.42. Of this amount the Government received from sale of domestic bonds and treasury notes the sum of $90,510,656.13. Short-term loans were contracted from time to time for the purpose of meeting current needs, but as shown in the statement the amount of loans of this nature paid off was nearly equal to the amount contracted, the net amount so borrowed being only $5,107,832.15. In addition, during the fiscal year the overdrafts of the Government were increased by $5,324,222.14.

The following Government securities were issued during the fiscal year:

	Authorized amount
The 18th Year Military Reorganization and Disbandment Treasury Bonds	$ 70,000,000
The 19th Year customs Bonds	20,000,000
The 19th Year Rolled Tobacco Treasury Notes (3rd issue)	24,000,000
	$114,000,000

The Government has been obliged to incur this fresh indebtedness owing to the inadequacy of current revenue to meet the extraordinary costs of putting down subversive movements. The financial position of the Government requires it to take firm measures to obviate this necessity if the situation is not to become worse, and it will be seen that the policy of the Ministry is designed gradually to obviate further extensive reliance upon borrowing.

Expenditure

The nature of the expenditures of the National Government is clearly shown in the general statement given at the beginning of this report. Briefly stated, the expenditures in the fiscal year ended June 30, 1930, excluding transfers to local authorities from the Salt Revenue Inspectorate ($35,565,000), subsidies to provincial and local bodies, etc. ($6,706,000), and net payments added to reserves and suspense items ($1,660,000) were as follows:

		Amount (approximate)	Per-cent
1.	Loan payments, including service of loans paid out of indemnity funds, net amount	$185,942,000	37.5
2.	Military expenditures	245,445,000	49.6
3.	Civil expenditures, including famine relief, $10,000,000	49,381,000	
4.	Indemnity payments not applied to loan service, net amount, mainly used or to be used for educational, scientific, cultural and industrial purposes	14,306,000	12.9
		$495,074,000	100.0

While the items of expenditure do not present any approach to proper proportion in their intrinsic importance, and while very little has been devoted to constructive purposes, it is to be remembered that during the year the country was in a constant state of disturbance, which rendered any choice or discretion in alloting funds entirely out of question.

During the period under review, in spite of the severe slump in silver and the seizure of the Tientsin Customs which lasted from June until the Fall of 1930, the Government provided funds as heretofore for the service of the customs-secured gold loan and indemnity payments as well as the domestic obligations, which are in silver. In addition, the Government has made all the payments contemplated under the plan of September 18, 1929, for paying arrears of salt-secured loans. The arrears of interest on the Anglo-French and Crisp Loans have been fully paid out of salt revenue, with only the arrears of principal now remaining to be cleared up.

Settlement of Debts in Arrears

Immediately after the close of the civil war, a conference with representatives of creditor nations was held in Nanking on November 15, last. A memorandum containing broad, general principles was laid before the conference by the Commission for Readjustment of Domestic and Foreign Loans, which had been previously strengthened by the appointment of Dr. Wang Chung-hui and Marshal Chang Hsueh-liang as members, the former being appointed concurrently the Chairman.

The Chinese creditors have recently formed themselves into a group, which will facilitate the readjustment of the domestic loans in arrears at the same time and on the same general lines as the foreign indebtedness.

Every effort is being made to overcome the numerous and complicated obstacles to an early settlement, so that confidence in the national credit may be restored, and the way paved for introduction of foreign capital.

As ordered by the Government in February, 1929, the Ministry of Finance is setting aside from Customs revenue the sum of $5,000,000 annually as the initial step towards making provision for the liquidation of debts in arrears.

Foreign Loans

There has recently been so much discussion both in this country and abroad of foreign loans to China that it is desirable to define the attitude of the Minitsry of Finance.

As recognized by our late Leader, foreign capital is required for the rehabilitation of the country. Credits are needed to assist in currency reform, debt refunding and public works, which can only be obtained by establishing our finances on a sound basis. Foreign lenders will not seriously discuss loans to China unless China has balanced its budget, or has adopted and is carrying into effect a program of readjustment which will result in stabilizing the finances within a reasonable time.

It should be obvious that the realization of any of the loan projects that are now receiving popular attention would take a considerable period of time even if they are within the realm of practical finance. Some of these projects could not be made effective without adoption of legislation by the countries concerned and the conclusion of international agreements. Our financial program surely should not depend upon the mere chance that any of these projects will eventually materialize, and it is to be remembered that even if any of the projects could be realized, it would give no real benefit except in connection with a program of general financial rehabilitation of the country.

Central Bank of China

Continued progress marks the development of the Central Bank during this period. The specific plans which the Government had in view in establishing the Central Bank could not be initiated in their entirety during this period owing to military operations and political disorders, but the Bank proved a veritable tower of strength to the Government in the hour of its servere trials. Till lately the management, guided by consideration of the necessity of absolute security, had deemed it indispensable to keep the assets as liquid as possible even at the expense of more rapid extension of the institution's activities. The folowing condensed balance sheet shows the condition of the Bank at the close of business on December 31 of each year since its establishment.

ASSETS

	1928	1929	1930
Cash on hand	$ 7,963,242.24	$ 14,398,412.53	$ 15,172,136.67
Cash on call with banks	10,394,767.67	18,651,949.93	41,791,486.84
Reserve against notes in circulation:			
Cash	8,232,923.00	9,676,857.20	19,475,228.00
Securities	3,480,000.00	5,703,004.80	3,194,000.00
Loans, discounts and overdrafts	4,419,714.54	15,265,174.20	28,279,545.87
Government securities owned	9,990,000.00	8,501,281.00	755,290.00
Bank premises	2,004,305.28	3,190,955.37	3,190,955.37
Furniture and fixtures	32,910.29	119,579.64	128,273.87
Accrued items and accounts receivable*	703,308.46	10,307,496.93	9,900,276.82
Other assets	249,624.87	1,055,082.22	2,449,051.22
	47,470,796.35	86,869,793.82	124,336,244.66

LIABILITIES

Capital	20,000,000.00	20,000,000.00	20,000,000.00
Reserves	—	—	1,352,231.16
Notes in circulation	11,712,923.00	15,379,862.00	22,669,228.00
Deposits	15,410,467.77	39,984,707.05	66,042,175.07
Accrued items and accounts payable*	108,045.45	9,812,541.38	10,123,792.54
Other liabilities	—	—	1,422,476.67
Net profit	239,360.13	1,692,683.39	2,726,341.22
	47,470,796.35	86,869,793.82	124,336,244.66

*The comparatively large amounts appearing against these items in 1929 and 1930 are accounted for by the fact that all outstanding forward purchases and sales of foreign exchange and securities are passed over these accounts.

Silver

The price of silver in terms of gold has fallen by more than half in the last two years, seriously affecting all those who are involved in foreign trade, as well as creating difficulties for the Government in consequence of decreasing imports and the growing cost of gold commitments. For the bulk of the poulation, who have little to do with foreign trade, the consequences of the decline in the gold value of silver have fortunately not attained serious proportions, as the purshasing value of silver for commodities produced within the country has not depreciated much. However, should crops prove bad and wholesale importations of foodstuffs from gold-standard countries become necessary, the situation might easily turn critical. At the same time one consequence of this low price of silver is that exports will be greatly stimulated once the corner in the economic depression has been turned.

In spite of the general depression and the low level to which silver has fallen, its production has not been substantially curtailed, as silver is being principally produced as a by-product of other metals. Furthermore, foreign governments have sold in late years a portion of their demonetized silver and still possess large stocks on hand. The present limited foreign demand for Chinese produce also reduces the absorbing power of China, and although normally an importer of silver, China during part of the year 1930 actually had a net export balance of silver.

During the past year the National Government on several occasions was in informal communication with foreign governments on the possibility of joint action to check the headlong fall of silver. Although efforts to devise international cooperation have so far had little tangible result, the Government is ready to cooperate in any practicable measure of stabilizing the value of silver.

The crisis in silver has thrown into clear relief the necessity of currency reform, which is engaging the earnest attention of the Government.

The Budget

The deficit in the annual budget of the National Government presents a serious problem. In the fiscal year ending June 30, 1929, the deficit amounted to $80,000,000, not including $20,000,000 borrowed for the capital of the Central Bank. In the last fiscal year the deficit amounted to $101,000,000. During the six months ending December 31, 1930, as a result of the civil war, the deficit was even greater, and according to preliminary figures fresh indebtedness amounted to $96,000,000. In the first half of 1931, the deficit should be at a lower rate, even though the abolition of likin before the new sources of revenue become fully effective weighs heavily on the Treasury. Given the absence of unforeseen events, it is possible that by united exertions budgetary equilibrium may be attained at some time during the fiscal year ending June 30, 1932.

Expenditure in the past has been concentrated to a striking degree upon military purposes and debt repayments, and if equilibrium is to be reached, the lightening of these two burdens is unavoidable.

The present amount of military expenditure as paid out directly from the Central Treasury is $23,000,000 a month. The Ministry of Finance recognizes that on account of the existing communist menace and the problems which attended the close of the severest civil war in modern Chinese history, military expenditures cannot safely be reduced overnight. But with the gradual liquidation of these troubles the ground will be clear for enforcing reasonable economy. The Ministry recommends that military expenditures be reduced according to the following monthly scale, so that the previously agreed figure of $216,000,000 annually for military purposes may finally be reached:

July to October, 1931	$20,000,000
November to February, 1932	19,000,000
March to June, 1932	18,000,000

Aside from military expenditures, the chief cause of the deficit in our budget may be found in the heavy amortization payments on the national debt. Most of the internal loans contracted by the National Government have been for short terms, and about $360,000,000 or nearly 60% of the internal loans now being served will be paid off in the next three years. In 1931, the Government is paying about $130,000,000 for amortization of internal loans; and over £3,000,000, or say $65,000,000 for amortization of gold loans. Total payments this year for debt retirement are equivalent to $200,000,000, and the schedule for 1932 is practically as heavy. This amount is considerably larger than any annual deficit, past or foreseeable.

Regarded in this light, the budget situation is not as gloomy as it appears superficially, because while fresh indebtedness is being incurred, debt repayments are larger. But even though we are not increasing the total amount of the national debt, it is a costly process to borrow money at a discount for the payment of old debts. Refunding of National Government loans that mature in four or five years is clearly desirable, and should be undertaken as soon as the necessary arrangements can be made a long-term refunding loan to procure funds for the repayment of the short-term indebtedness. By means of such a plan whereby amortization could be spread over a longer term of years, annual debt charges will be materially reduced during these few difficult years, which would go far towards bringing about budgetary equilibrium besides making available security for further long-term loans for constructive purposes. To holders of Chinese securities this plan should prove attractive because it would greatly strengthen the Government finances, which would in turn react favorably on the prices of all Chinese securities.

Reasonable limitation of military expenditures, refunding of short-term indebtedness, and continuation of

present revenue policies will automatically solve the problem of budget deficits if internal conditions remain normal.

We must not, however, confine our efforts to mere attainment of budget equilibrium. The more one studies the problem of Chinese finance, the clearer it becomes that mere equilibrium is not an adequate objective. There is wisdom in curtailing unproductive expenditure, there is urgent need of balancing revenue income and current expenditure, but for a country like China a civil expenditure of $50,000,000 to $60,000,000 annually (excluding costs of revenue collection) can provide for nothing beyond the minimum of bare existence.

The past seven years have witnessed the establishment of the National Government at Canton, the steady extension of its authority throughout the country, and the continual struggle for the maintenance and further consolidation of its authority. These have in the main been accomplished, but with the return of peace and order, the people require of the Government more than the mere suppression of militarism and communism. With the development of political consciousness, with the releasing of the productive energies of the nation through tariff autonomy and the abolition of likin, and above all with the sharp impinging of outside forces on China such as the world-wide economic depression and the fall of silver, more is demanded of the Government than an abstract balanced budget. What is required is vaguely expressed in the popular mind by the word "reconstruction."

Questions are being asked everywhere as to what is being done for the creation of a stable currency, the development of domestic industries, the revival of the tea and silk trades, the opening up of new lines of communication, the promotion of mass education and public health. To these questions, the mere attainment of budget equilibrium does not provide a sufficient answer.

Reflecting the widening requirements of the public, we have seen each department of the Government proposing its own pet prejects, all of them involving huge expenditures. Doubtless many of these projects are in themselves sound but they must be unrealizable because of the known lack of funds, and the fact that they are not coordinated with the projects of other departments.

During the crisis of the World War, the Western nations increasingly used the state to coordinate and direct the productive forces of the country, and with the visitation of the world-wide economic depression this tendency is further enphasized. The most outstanding example of deliberate planning by the state is that of Soviet Russia, where the Supreme Economic Council guides and entirely controls the coordination of the productive activities of the country, and through the so-called Five Year Plan is aiming at the astounding transformation of Russia into an industrial state.

Surely a case has been made for discarding the haphazard, unrelated, and clashing programs of the various branches of the Government, and the creation of a really effective planning organization, which would guide the produtive forces of the country, coordinate the activities of the ministries, and rigidly map out the essential ends which for a given course of years each of the different compenents is obliged to pursue. With such coordinated and purposeful activity within the Government, whereby it is made a unified and effective instrument to serve the nation, the financial resources available within the country itself for constructive development will prove to be greater than is ordinarily realized.

In the final analysis the national budget must not be considered as running for one fiscal year only, nor as a static and mechanical balance between receipts and payments to be brought about through a negative policy of cutting down expenditures. A budgetary policy to be adequate to meet the needs of the time can perhaps be attained only through the adoption of a positive program of systematic and coordinated expansion extending through a series of years.

Respectfully submitted,
TSE-VUNG SOONG
Minister of Finance

Cable Negotiations Come to an End

The protracted cable negotiations which have been proceeding between delegates of the Ministry of Communications and of the three foreign cable companies for several months were brought to a conclusion March 14. The draft agreemnts will be submitted respectively to the head offices of the foreign companies concerned and Minister Wang Peh-chun for approval before final signature.

World Peace No Nearer Today, Says Wellington Koo

(By V.K. Wellington Koo in an article in The China Press)

When the Great World War of 1914-18 was ravaging, not only chauvinists on both sides but pacifists in many belligerent countries urged its support on the ground that it was 'the war to end war and the only path to a durable peace in the World." But a dozen years have since elapsed and the perospects of a permanent peace today are no more assured than they were before the outbreak of the great conflagration. It may be true that no Government today is deliberately contemplating war, as no people are disposed, to approve it, yet actual conditions are far from reassuring.

Disarmament which was the hope of the world as the only foundation for the edifice of permanent peace has not materialized. Even in its diminished aspect of reduction of armaments, with the exception of an understanding as regards competitive building of capital ships reached after protracted and oft-interrupted negotiations, this hope is still remote from realization.

In the matter of land and air forces, years of discussion have not been able to reach a conclusion even on the preliminaries of the subject. The essential question seems to have been lost sight of in the labyrinth of the requirements of national security. Much time has been expended instead upon a meticulous study and animated debate of the so-called potential values of national factors—of geographical position, manpower, industrial equipment, natural resources, etc.

The world to-day is spending annually more money than they ever did before the war on their fighting machine Not only are their armed forces greater in number but stronger in quality. Press reports continue to inform the public of the efforts of the general staffs with their scientific and technical experts to find new means of destruction and perfect the existing ones. The increased strength of the extended range of guns, new methods of aerial bombardment, poison gas, chemical warfare, improved submarines—all the progress made in the past decade for purposes of slaughter and destruction makes every thinking man wonder and shudder at the possibilities of harm and havoc in the next war if it should occur.

In the sphere of economic life, conflict of interests, which was undoubtedly among the more fundamental causes of of the last catastrophe, has not abated. The disappearance of several powerful empires, the birth of new nations in Europe and the redistribution of colonies and dependencies here created a new political map of the world. The shifting of the centres of world finance and industrial production has brought about unexpected changes in the incessant struggle for new markets; while the experience of economic stress and hardship during the war has made all nations, neutrals or belligerents at the time, feel that they, to be really independent and powerful, must try to be economically selfsufficient.

The wholesome tendency of national division of labor in industrial production before the world war has been rudely arrested. Today many a nation cherishes the ambition and attempts to control or produce what it needs, and by building up an evermounting tariff wall, hopes to protect its newly established industries. While wishing to import as little as possible from other countries, it desires nevertheless to posses as large a foreign market as possible for its own exports.

All these factors have combined to disturb the economic life of the world and is largely responsible for the general depression now prevailing in the world already overburdened with large debts and high taxation to pay for the excessive armaments. Decreased trade, overproduction, fallen prices, unemployment, wide-spread loss and suffering—these are the natural consequences.

This unsatisfactory state of things, if long continued, could only aggravate the general feeling of unrest as regards the outlook on the near future. It makes the crowded nations long with increased eagerness for more room for its surplus population and the spacious countries to guard more jealously against alien immigration. It induces the rich to be more sparing with their money and the poor to feel more indignant at the unfairness of Providence in the distribution of good things on Earth.

Sharp Declines in American Foreign Trade

The U. S. Department of Commerce reports that imports into the United States from Asia, largely crude rubber, dropped nearly $400,000,000 last year. Sales of American products to Europe were about $500,000,000 less than in 1929. The contraction was almost as great in American imports from Europe. Great Britain took first place from Canada as a customer of the United States, with imports valued at $678,100,000.

The Chinese Language in Fifty Ten-Minute Lessons!

BY PROF. W. A. SCHARFFENBERG

Lesson No. X

HOW TO ACQUIRE TONES

The following remarks by C. W. Mateer on the method to be used in acquiring tones are excellent and are well worth following:

"How may an accurate knowledge of tones be acquired, is a question which confronts every student of Chinese. Two distinct methods have been followed, and each has its advocates. One method is to learn the tone of each charater as a distinct act of memory in each case, so that the tone is as certainly known as the other elements of the sound. The other method is to regard the tone as an integral part of the sound, which need not be theoretically separated from it, and so proceed to learn both words and sentences by a direct and untrammelled imitation of a teacher, as a Chinese child imitates its parents. Each method has its advantages and disadvantages. The first method will give greater confidence and accuracy in the use of isolated words, but it imposes a heavy burden on the memory and its ultimate benefit is neutralized to a considerable extent by the composition and rhythm, and by the danger that the speaker will adhere too much to the fundamental tone, to the great injury of his speaking. The secnd method is easier to one who has a good ear and will make a fluent and natural speaker. There is danger, however, that such a speaker will miss his bearings when he attempts to isolate or emphasize a particular word, especially if it is not a very common one.

"On the whole I would recommend a combination of the two methods. Let the student first practice the tone exercises faithfully with his teacher, until he has caught the chime and can distinguish with certainity the tone of any single word his teacher pronounces. The foundation is now securely laid, and he can go on with confidence to learn words and phrases. In memorizing single words, let the tone always be regarded as an integral part of the sound, so that. the word is not regarded as properly heard at all until the tone is heard for in point of fact, there is no Chinese word without a tone. In case of uncertainity in catching a tone from a teacher, it is not best to ask him the tone, nor to suffer him to tell you, but have him repeat the word, telling him the tone as a check if necessary. In repeating phrases or clauses after the teacher, attention should not be directed chiefly to the tones of the words, but rather to a close and accurate imitation of the sounds both in general and in particular. If this method is faithfully followed, the student will come to think less and less and less about tones, while he will speak the language with greater and greater accuracy He will, in fact, acquire the ear of a native and both hear and speak the language in blissful forgetfulness of tones."

1 都 46

1 因 47

4 但 48

4 到 49

4 四 50

Character No. 46 (都[1])

All, every one, altogether.

Pronounced tu

Thé character 都 made up of 邑 a city, and 者 referring to a document, is very frequently used at the end of a sentence or paragraph which acts as a sort of connecting link to what follows. It is also frequently used after verbs and when so used changes them into nouns. The character 都 is also used for a capital or metropolis.

Character No. 47 (因[1])

Because, a cause. or reason, then, rely on, To follow.

Pronounced in'

A man confined in an enclosure as a cell. It is not now used in that sense but one might readily gather from this that it is reason and argument that helps one to corner his opponent as a man in a cell.

Character No. 48 (但[4])

But, only

Pronounced tan

The radical 人 with the phonetic 旦 The phonetic represents a sun 日 above the horizon —, dawn, It also refers to actors who take part as females. In the character it is of phonetic value only.

Character No. 49 (到[4])

To arrive at. to reach, to come to the point, to attain to.

Pronounced taV

The radical 刀 for knife, with 至 meaning to arrive. The radical has a phonetic value in this character for 刀 is pronounced taV. The character 至 represents a bird which flys straight for the earth —. Hence its meaning of arrive or reach.

Character No. 50 (四[4])

FOUR

Pronounced sz

Representing an even number. A square. It represents the four equal parts of a square which can be evenly didided into two halves.

VOCABULARY LIST

72.	因爲	— in' uěI	— because of, on account of
73.	但是	— tan ʃz	— But, yet
74.	到了	— taV liaV	— Arrived.
75.	來了	— laI taV	— To reach, come

SENTENCE WORK

86.	都來了	— All have come.
87.	我們都是外國人	— We are all foreigners.
88.	他們都是外國人	— They are all foreigners.
89.	我們都是學生	— We are all students.
90.	他們都是先生	— They are all teachers.
91.	你爲甚麼要去	— Why do you want to go?
92.	因爲要看看東西	— Because I want to look at the articles.
93.	但是那個東西不好	— But those things are no good.
94.	學生來到了沒有	— Have the students arrived?
95.	先生們都來到了	— The teachers have all come.
96.	在這裏有兩三個人	— There are two or three men here.
97.	在那裏有三四人	— Over there are three or four men.
98.	一二三四	— One, two, three, four.
99.	四個人	— Four men.
100.	兩個人來了	— Two men are coming

These simple lessons in the Chinese written and spoken language, the first of which appeared in *The China Weekly Review* on Jan. 17, will appear throughout 1931. Persons interested in a more intensive study in class work or by correspondence are requested to communicate with Prof. Scharffenberg, are THE HOME STUDY INSTITUTE, No. 25 Ningkuo Road, Shanghai.

Humanism and Chinese Literature

BY CHON YING CHANG

I AM not following the fashion of the American Humanism which is now at its full height nor doI intend this article of mine to be the mouthpiece of an Americanized Chinese student who acquired his academic education on the other side of the great Pacific, and thus pretentiously or fallaciously neglected everything of his own. The confusion of the present age is enormous, wherefore there is a considerable number of our young barbarians emerging into the intellectual stage of twentieth century China. The memory of those who had for a time so enthusiastically and tenderly patronized the past Chinese Renaissance, became, when the flood of the so-called "modern times" came in, gradully diminished into the "relics of the past age". The ineffable smartness of the modern youngsters is, perhaps, due to the conviction that whatever they may be, they are the very pink of modernity. Indeed, modern times, as far as Matthew Arnold has seriously declared in his "Essays in Criticism", have an immense system of rules, traditions, practices, and institutions which were handed down to us from times not modern, and in which our life has to be carried backward. A sense of correspondence which comes out rather spontaneously from the disharmony between our life in the modern sense and these forms of the old creation, will naturally enable us to create new things that should not be taken upon authority, but should be correspondent to our desires. The awakenting of this sense is the awakening of the modern spirit. The spirit is awake almost everywhere in China now; and every one will feel shy in denying it. The "surviving devils" of the old Chinese Classicism, as far as our youngsters contended, will be apprehended of the doom of their servitude which they held for their classical masters; for now a new age is dawning wherein their code of morals will be found to be out-of-date, and their pedantic scholarship to be the ohief impediment to the progression of the modern spirit. Literature must be romantic, and the field of literature will be only open to the spirit of the age and the best original thought of the time. The name of Walt Whitman is immortal in the sense that he is the first original thinker of the New Land, and his thinking, undoubtedly, represents the best original thought of his age. Following him, our youngsters created the so-called "Free Verse" in the field of Chinese poetry. Perhaps, they held their convictions in some of Pope's lines:

"First follow nature, and your judgment frame,
By her just standard, which is still the same:
Unerring nature, still divinely bright,
One clear, and unchanged, and universal light,
Life, force, and beauty, must to all impart,
At once the source, and end, and test of art."

Free verse follows nature. Indeed, I could not find any reason in denying it. But, of Life, Force, and Beauty, I do not see the entry into any piece so far being written. A famous Chinese free verse writer once sang:

"When the wind blows,
And the blue sky changes its face into grey,
I cannot find even a branch to rest;
Then I go up to the roof of a house,
Crewing for the help of its dwellers,
But no one cares for me,
For I could not follow the parrot
That sings its lay
In a tune of flattery."

A Comparison Concerning Free Verse

It is a liberal translation for which I hope the new poet would not blame me. Whatever my translation may be, the meaning of his original verse, as I am quite sure to say, is not yet suppressed. The delineation of his poetical image is well represented; but the versification is entirely free, for I conceive that there is no versification in the Chinese free verse at all. Concerning this famous verse, I dare not to say anything; but the readers, if this article of mine may please them to an unusual degree, will be advised to take the liberty to read some pieces in Whitman's "Leaves of Grass", and consider the worth of the famous free verse writer with that of the great American poet of the past century.

But, to return from my digression, I may be allowed to say that the true difficulty with our modern youngsters is not that to them the old classics are entirely obsolete, but that for them the old classics are too deep to understand and too hard to follow. Wordsworth disparaged Goethe; while, on the other hand, he had never been able to read any of Goethe's works. It is not because Wordsworth did not understand the German language; but because between the great English poet and the great German poet there is such a difference that according to his own confession in his Preface to the Lyrical Ballads, Wordsworth is rather a poet of man, whereas Goethe, as Arnold has remarked, a poet of soul. Between them there is the difference as between the body and the soul. Edgar Allen Poe once very vigorously contended that a poet must possess a divine faculty which is practically the same thing as Dr. Johnson's "Divine Sparkle", and which Goethe did possess, while Wordsworth did not. Knowledge means to know things which, as Emerson observed in his "American Scholar", could not come to us, if we entirely neglect the past. The foremost French philosopher, Henry Bergson, of whom I have the honor of learning the philosopy of mind and its energy through Professor H. Wildon Carr of the University of Southern California, once remarked that the Universe is changing flux; and the form of the flux may be changing from time to time, but its quality always remains the same, being the flux all the time. O Human searchers of knowledge, of things, of the past and the present! if you want to understand the great Universe in which we are living, you could not possibly desert the past; for the Universe is a flux flowing from the past to the present and then from the present to the future, and after all, as Arnold said, you are searchers still!

A very interesting passage from the European Scrap Book of 1928 may be quoted here:

> "The comment is often made that the common thought of our day lags far behind the best thought of the time. But when has this not been the case? We wear the clothes and drive the automobiles of today, but many persons still think the thoughts that came into fashion during our grandfathers' time."

Let old men stay, and young men grow wise. The experience of past ages, through the help of books and common life, makes sure way to youthful minds. And sure way it makes!—not alone to youthful but equally to mature minds; for it enshrines truths that perish never, central truths of life that have no witness in nature but that cannot be explained away by any philosoyhy of nature! The naturalistic elements in the present Chinese literature are entirely whimsical. That is what makes our free verse writers so lacking of matter, and prose writers, especially the novelists,so far away from representing human life and enlivening the spirit of the age. Someday when it becomes possible to define the unacknowledged debt of the present Chinese literature to the "experience of past ages", we shall doubtless be astonished to discover how slight its constructive power actually is, how small its contributions will be to the synthesis of the future. The need of our time can hardly be a continuance of our uncriticial skeptsism as to the beliefs of the present.

Not Modern Enough

Therefore, the second difficulty with the youngsters is that they themselves are already behind our time. The truth is that they are modern in some respects; but in general they are not modern enough. Professor Irving Babbitt once remarked that to be modern is not to be recent, or more recent, or the most recent; but it represents the critical, positive, and constructive spirit of any age. The discovery of the American continent does not hark to the opening of a modern period in the history of literature and philosophy. Professor Norman Feorster of the University of North Carolina and now in the University of Iowa was once heard to remark that the Early Greeks were comparatively more modern than the writers of the period of the Renaissance. Renan was right in observing that the modern period in the field of literature is a critical and positive period in which life is made more certain and truth more sound on the basis of a critical attitude of mankind at large. Outpour of books, imaginations, and "noble sentiments" brings down the standard of humanity; and criticism is to support it. Modern times have been undergoing the hallucination of past ages; and people who were living under the hallucination have already come to their senses. Thus, young men push forward to break the hallucination. At last they break it; and so here Naturism comes in, and there Romanticism has its play. At the time when they are so prejudiced against the "experience of past ages", anything which is new to them seems to have its special attraction. The last enchantments of the Middle Ages are but awkward and monotonous. The "sheperdess" in the Renaissance is not a "beauty of nature", but a "natural beauty under the mask of arts". This led Emerson to think that the age of dependence on the learning of the past hereby came to an end. The song which we hitherto sang for others or in imitating others will be sung for ourselves. A certain obscure star in the constellation will shine for a thousand years.

This is not only so in China and the New World, but also everywhere throughout all the world. To me, the youngsters are critical in the respect that they have been

conscious of the hallucination; but they are not completely critical, for they fail to lay down a new standard for the breach. The need of our time is a complete criticism which should be destructive on one hand, and constructive on the other. A complete Romanticism is irrational; and an absolute Naturism leads but to the way of Barbarism. Aristotle's philosophy of "one and many" is a dualism of man and nature. Emerson whose constructive genius is as enthusiastic as his destructive spirit once remarked that there are two laws, the law of man and the law of nature. This corresponds to the "one and many"; and this is the very thing that our time positively needs.

What to Read

Thus let us read Confucius; let us read Mencius, Laotse, Chang-tse..... The more, the better. Literature is meant to seek Truth? O beautiful word? so lovely! so adorable! and so serene, even Shelley would say,

The awful shadow of some unseen power,

Floats, though unseen, among us.....

And yet, steeped in sentiments, extending her warmest arms under the moonlight, opening her deepest heart to receive the wounded body of Humanity which was though not fatally but rather terribly, shot by the modern youngsters? But the revolt of those young radicals could never last long; and the demand of a humanistic standard sounds everywhere now. At last, the wound of Humanity is recovered, and the triumphal song of Humanism is being heard?

Humanism, as it appears today, however, has encountered a little difference from Humanism as it was yesterday; now it begins with science, not with religion. Sir Oliver Lodge, one of the most eminent scientists of the present century, on a certain occasion, delivered an address at Christ Church, London, in which he said: "Humanity is beginning to realize, even through the ministrations and investigations of an at present unpopular branch of science, that it is not isolated in the universe. Humanity as a whole is not so isolated as it had thought, but is a temporarily materialized portion of a great spiritual world, wherein are powers and affections and inteliigences innumerable, intelligences outside the scope of our senses, but watchful and helpful to the utmost of their permitted power. We are beginning to get into touch with them, though they have always been more or less in touch with us."

Humanism and Modern Chinese Literature

And now, I shall dwell upon the relation of Humanism and the present-day Chinese literature. It is generally alleged that the development of Chinese literature is the development of the nation's humanism. Only during the beginning of the last Ching dynasty, writers began to show a sign of revolt which was at first based on a skeptical philosophy. They doubted the principles which were prescribed for humanity by their ancestors; but they never doubted its truth. This is the so-called Chinese Renaissance. Certainly, I have no desire to justify our modern youngsters in calling themselves the leaders of the Renaissance. They ought to be ashamed of hearing that the Chinese Renaissance was started at the beginning of the last dynasty. Their unjustifiable intrusion into the field of literature only creates a "reign of terror" in the heart of the Chinese nation at large, which, however, could never last long; and their revolt against Humanism is just to pave a way for its shining in the near future.

At present, in the field of Chinese literature, there are two things that may be mentioned. The one is the so-called "Free Verse", which, as I have criticized above, will not be given any space for discussion here. The other is the Novel. The reason I choose the word, "novel", instead of "prose" is that with the intrusion of the "spoken language" Chinese prose has been bankrupt, helplessly bankrupt, on account of its pedantic style, which was disliked by the general public. The "spoken language" has been becoming the cant of our youngsters; and they have likewise monopolized it in writing their novels. Of all the printed novels two classes may be cited; novels indorsed by the theory of social revolution, and novels overwhelmed by the sense of a romantic love. The first class in general represents a whining or a substutituional satisfaction of a writer's desire, after he has lost something, or something which he was pursuing has disappointed him. The second is a combination of love and honor, in which there is always such thought as "I love you, and you love me." Novels of these kinds, at their best, can only afford a pastime reading; and, at their worst, will teach vices and enforce unlawfulness. If such novels should be accumulated to the experience of "past ages", the coming generation will be endangered; and if that type of literature should be tolerated long, mankind would be extinguished!

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Chinese Girl Analyzes Philosophy Of Love

BY SOLON S. C. YANG

AN interesting love story was recently unveiled in Harbin. It has become a common subject of gossip among a certain group of young men. The story relates to a student of the Harbin Medical University, Miss K. F. Wei (native of Kirin) and a senior clerk of a certain government institution, Tseng Yuang, a smart Cantonese. Miss Wei's father has chosen a wealthy son-in-law, while Miss Wei herself, being imbued with the modern idea of self-selection of a life mate, has long made up her mind to be married to Mr. Tseng. Through some usual steps of home revolution, she at length succeeded in her own choice, and consequently the Wei-Tseng engagement was formally announced on Feb 8. In the course of an interview, she has explained her philosophy of love as follows:

"The influx of the western civilization into China has brought about a basic oscillation of the philosophy of life among the Chinese girls. In the old days, the Chinese virgins observed their maiden ethics; they had their special duties and virtues generally known as 三從 (the three states of dependence: dependence upon her father, her husband and her son) and 四德 (four virtues: chastity, speech, work and demeanor). Disobedience to husband's mother and father, birth of no son, lewdness, enviousness, noxious disease, verbosity and stealth—these are called 七出 (seven reasons for divorce), in committing any one of which she is liable to be divorced by her husband . . . As regards the criterion of choosing a husband the property was usually taken into the first consideration, then appearance and knowledge. All these customs have now been put aside, some abolished, by the so-called modern maids, as the result of the rising tide of women's emancipation—equalization of rights of both sexes, economic independence, women suffrage, etc.

Not Afraid Her Husband Will Get a Concubine

"I don't like to be called a "摩登" (modern) girl as this name emanates from "摩登伽", which means a "lewd woman" in the eyes of Buddhist. Nor do I want to be styled as an "舊式" (old fashioned) one, as I don't abide by every restriction as outlined above. I hope to live my future life in an ideal way . . . I am not afraid that my husband will get a concubine so long as I myself perform my part of the responsibility; any doubt on this point means to sow seed for future misunderstanding, etc. I don't intend to interfere with his individuality so long as mine is not interfered worth. Marriage seems to me as a necessary step in fulfilling the customary procedure of human life.

"It is a mistaken idea which is usually committed by many a present-day girl that she must choose a husband of better knowledge, etc. than herself. This idea is derived from her prejudice of selfishness and dependency; otherwise, when she wants such a male, does she think that such male also prefers a better female?

"Stories have assured me that a part of the learned girls have been married to those who have already wives and children and a part of them, to widowers, if not old men. Why? Because they want to choose better ones.

"There are not a few of us who fail to select the so-called 'Pure Boy' for their life mates, the reasons being as follows:

1. They have acquired a certain standard of learning and are not satisfied with a certain group of young and inexperienced males;

2. They are afraid that they will be deprived from their enjoyment of life as their ages advance;

3. They are compelled by circumstances, domestic, social, etc., and could not keep themselves single any longer.

"Many a husband from a rich family has finally plunged his wife to a state of misery, if not starvation; many a husband of good learning has brought his wife to live a joyful life through co-operation, frugality, industry and perseverence . . . Many divorces are due to the mental and physical differences between the parties being too great, or to the lack of sufficient income to satisfy their wants, or to the casual mutation of love.

"With the foregoing conditions in view, I think, the prerequisites of an ideal husband are: (1) good temper and conduct, (2) equal standard of knowledge, (3) having proper pursuit, (4) having encountered difficulties and got through various hardships and if possible, (5) of same career. With such an ideal husband we may then build an ideal home on co-operation, co-ordination and mutual respect."

Harbin, March 12, 1931.

Some Thoughts for the Memorial Forest Week

BY D. Y. LIN

The whole nation observed the Memorial Forest Week from the eleventh to the seventeenth of this month. As every one knows the Week was designated as such by the National Government in commemoration of the death of our Great Leader, Dr. Sun Yat-sen. It will be well for all well-wishers of China to pause for a few moments at this time and to think of the significance of the Week and the tremendous forestry problem confronting the country to-day.

The problem of forestry in China is a very difficult and prodigious one. Dr. H. H. Kung, Minister of Industries, at the opening of the Forestry Conference held in Nanking recently, said:

"The forestry condition of our country is too well-known to us all. On account of our having neglected forestry for centuries, we have suffered much from wood shortage and from lack of raw materials for our hundreds of industries which depend directly or indirectly upon forests. Deprived of the protective influence of forests, our rivers have become deteriorated to such a degree that they are no longer a blessing to the people. There is not a single year in which we do not have floods and droughts involving oftentimes millions of people.

"It is said that in order to guard a country against unfavorable physical changes, 30% of its productive land area should be maintained under forest, leaving 60% for crops and 10% for cities and villages, and that ordinarily a country with a forest cover less than 20% of the total area shows bad climatic conditions with prolonged droughts and alternating floods and low water. If this is true, we do not need to wonder why our country has suffered so, when our forest area is no more than 6% of the total area. .....We must follow the instruction of our Great Leader, Chungli, who urged that afforestation work be carried out in Central and North China together with other constructive measures. We must not allow our millions of acres of non-agricultural lands to lie idle and be a menace to the welfare and happiness of our people....."

Country Has Suffered from Deforestation

Dr. Kung's remarks are plain enough and need not be commented upon. It will be well for the entire nation to take heed of what Dr. Kung has said and to make it the message for this, the Memorial Week.

Nowadays no excuse is needed for treating of the subject of forestry and to present it over and over again before the entire nation. Our country has suffered long enough from the effects of deforestation. Her millions of acres of unused lands which are either too poor, too rocky, too steep or too swampy for argicultural use must be utilized for the production of wood and for the general welfare of the people.

The solution of the forestry problem will mean not only that the supply of wood in the country will be taken care of, but it also means that there will be more opportunities for employment for the people. It is said the over 40% of the population in some of the western states of America and over 10% of the entire population of Germany are employed in forest work and forest industries. Such figures ought to give us some idea of the millions in China that could be employed in forest work if forestry were developed.

Besides the direct benefits of forests, there is also the indirect benefit of protection which has been brought out very clearly in Dr. Kung's message. The importance of forests as an effective agency for protection of soil from erosion and the rivers from silting up, has been recognized for centuries in the West. The so-called "Protection Forests" in France, Switzerland and Germany were created with the express purpose of protecting mountains, hills and streams and of preventing farming communities from being impoverished by floods and torrents. China must follow in the footsteps of the more advanced countries. She must reafforest all her denuded areas, if she wants to remedy the evils of floods, soil erosion, etc. and to make the country a better, healthier and happier place to live in.

So during these few days while we are observing this Memorial week, and may perhaps be planting a few trees to commemorate the occasion, let us bear in mind the tremendous forestry problem confronting the country to-day, and the need of solving this problem not only for the sake of her vast area of unused lands and the economic needs of her population, but also for the sake of improving the physical condition of the country.

Nanking, March 12, 1931.

NANKING OBSERVES ARBOR DAY AND ANNIVERSARY OF DR. SUN'S DEATH

Upper Left—President and Madame Chiang Kai-shek on their way to the ceremonies in Nanking incidental to the observance of Arbor Day and the anniversary of the death of the late Dr. Sun Yat-sen, which fall on the same day, March 12. Miss Kung, daughter of Dr. H. H. Kung, is shown on the right.

Upper Right—Dr. H. H. Kung, Minister of Industries, takes a hand in the planting of a tree.

Center Right—President Chiang Kai-shek delivering a patriotic address urging forestry reconstruction.

Lower Left—Yu Yu-jen, president of the Control Yuan (left) and his daughter, also participated in the tree-planting ceremonies.

Lower Right—Liu Lu-yin, director of the Publicity Department of the Central Party Headquarters in Nanking, also takes a hand in the tree planting ceremonies.

Founder of New Banking Law Answers Critics

Dr. Y. C. Ma, chairman of the Economic Committee of the Legislative Yuan, and framer of the new Banking Law (the text of which appeared in the issue of The Review of March 14) has been quick to reply to criticisms of some of its provision made by certain bankers. The following article by Dr. Ma is reproduced from The China Press.

ONE of the provisions of the new banking law holds that banks shall not hold shares in commercial and industrial concerns. There has been an objection raised on the grounds that this will serve to retard commercial and industrial development.

It was pointed out that the German banks were permitted and even encouraged to do so. Now, the German banks usually have an immense amount of capital on hand. They invest their capital, not their deposits, in other companies. The capital of most Chinese banks is not large enough to permit this practice.

Furthermore, the Germans have fully developed organizing ability along modern lines. Whether or not the Chinese have developed similarly remains to be seen. In other words, while the German method may be good for the Germans, it is not necessarily suitable to the conditions we are dealing with in China.

That is one reason I have incorporated some features of German banking practice in the new law, but not all.

In the United States there are two types of banks, commercial and investment. Investment banks place part of their funds in industries while commercial banks usually keep their capital in some liquid form. We do not believe it advisable for Chinese banks to be commercial and investment banks at the same time.

The strict provision against mutual shareholding among banks has elicited some objection. The reasons for this ruling are sound. Should A bank become a shareholder in B bank, the danger is apparent.

If one bank were to collapse it would carry the others with it. It would, further, be unfair to the investing public since this practice may be considered as double use of one block of capital.

The capital of A bank guarantees the soundness of A bank, but if its money is invested in B bank it takes on the additional burden of guaranteeing the soundness of B bank. Thus two banks are backed by the capital of one. Such a practice may be regarded as defrauding the public.

Banks usually operate what they call trust departments but they are not actually such. The trust department of a bank takes part of the bank's capital and invests it in land or bonds. It also takes part of the bank's deposits and invests it similarly, guaranteeing a certain rate of interest.

If profits accrue, it pays so much percent over and above the guaranteed interest. If, unfortunately, a loss is sustained, the interest is paid out of the bank's capital. The capital belongs to the bank, not to the trust department. The trust department of a bank should raise its own capital and should keep trust and bank funds separately.

Land Values Fall after Rendition

In our case here there is a certain peculiar situation to be faced. Land values in Shanghai are subject to sharp drops in the event of the adoption of a gold standard or the rendition of the International Settlement and French Concession.

For this reasons our banks are not permitted to speculate. If land values increase, well and good. Otherwise it is virtually impossible to convert land into cash readily since in times of panic or dropping values real estate is unsaleable.

That is why a bank should keep away from speculation and that is why there is a clause making the necessary restrictions.

With reference to double liability: The American Kemmerer Commission advised China to establish a ratio between a bank's unimpaired capital and surplus on one hand and all banking liabilities on the other.

That ratio should be one to five, their report said. In other words, a bank having a capital of $5,000,000 and a surplus of $2,000,000, totalling $7,000,000 in all, then the bank's liabilities should not exceed $35,000,000. This means that a $7,000,000 bank can accept no more than $35,000,000 in deposits, including its note issue.

If this proposal were adopted by the Chinese government, many banks would have to reduce the scale of their operations. The recommendations of the Kemmerer Commission cannot be practicably applied in China.

It is too severe on Chinese banks. If it should be applied to Chinese banks, foreign banks doing business in China should be made subject to the same conditions. Otherwise all Chinese deposits will be transferred to the foreign banks. The banks would have to increase their capital or else more Chinese institutions would have to be established to meet the demand, thus creating keener competition among them.

Throughout the Kemmerer Report this recommendation was repeatedly referred to as the best but we cannot avail ourselves of it.

In its place I introduced the guarantee of double liability instead of the suggested fixed ratio from which foreign banks were to be exempt under the terms of the commission's report.

A third point is the question of surplus. According to the new Chinese Company law, a company at the end of every business year should set aside 10% of its net profit until a fund totalling half its capital is reached.

Supposing a company is capitalized at $1,000,000, its legal surplus is $500,000. If a company desires a larger surplus it can have it, but according to the new Banking Law a bank should continue to set aside funds until its surplus equals its capital in toto.

The smaller capital a bank has, the greater should be the surplus and more security will be the result. This is the aim of the provision that a bank maintain a larger surplus than a commercial company. The higher bank surplus also replaces the 1 to 5 ratio proposal.

Another point calling for discussion is the deposit reserve of a bank. The new law does not provide for a deposit reserve although the Kemmerer Commission report advocated it. Deposit reserves are common in America but the banking laws of Europe make no such provision, as in England.

It is a difficult matter to fix a deposit reserve. If you fix it too high, it is not economical in peace time. In time of crisis, however, it may prove too low. There is a risk to be taken either way. In any case, whatever happens, the banks would attribute any failure to the law.

Besides, the Chinese market fluctuates. Sometimes it is extremely tight and at other times quite as easy. You cannot specify the same reserve ratio for two or more different given periods of time. The new Banking Law does not contain the provision recommended in the Kemmerer Report.

Bank Deposits in Central Bank

With reference to this same matter, the Kemmerer Commission proposed in its report that a part of a bank's deposit reserve be kept with the Central Bank.

With this I fully agreed, but by the Central Bank it means the central reserve bank yet to be organised and not the Central Bank now in operation. For this reason I did not incorporate the clause in the new Banking Law.

I will, however, later on, make provision in the law for the establishment of a central reserve bank. I hold the view most decidedly that the national reserve should be centralized. This will prove even more urgently necessary if the gold standard is adopted by China.

A special law will be drafted dealing with the problems of savings banks. Unfortunately not only banks nowadays accept savings but commercial firms also operate savings departments thus obviating the necessity of making loans.

The commercial firms are making use of the deposits received by them for the development of their own activities. In so doing, they are making a considerable saving, since they would have to pay banks a higher rate of interest on loans than they are now paying their depositors.

Since the law prohibits commercial firms from continuing this practice, a substitute must be found. The problem of the loans they will have to make is a difficult one to solve and on this point the present law makes no provision. It must be left to the banks to keep funds out of speculative enterprise and loan them to commercial firms for constructive business activity.

Finally in regard to the examination of banks: Financial authorities are empowered to make investigations without previous notice and all officers of a bank are subject to questioning on the bank's affairs.

If misleading and untrue information is volunteered and later discovered, heavy penalties will be imposed. We aim by such provisions to remove all chances of irregularities.

Suspended Secretary Sues Shanghai Municipal Council

The £5,000 action for damages, salary and superannuation fund up to the end of his contract and passage back to England, filed by S. M. Edwards, suspended Secretary of the Shanghai Municipal Council, against the Shanghai Municipal Council, was before the Court of Consuls March 13 and 16. J. Van Haute, Consul-General for Belgium, presided; the other members of the Court were J. F. Brenan, British Consul-General; Douglas Jenkins, Consul-General for the United States; E. E. H. Groenman, Consul-General for the Netherlands; and Kuramatsu Murai, Consul-General for Japan.

The documents and evidence in the case disclosed that the plaintiff was engaged in London on June 1923, and in April 1924 he was given a contract as senior assistant at a salary of Tls. 625 per month on a three years' agreement, After several promotions, plaintiff was appointed Secretary to the Council October 1, 1926, at a salary of Tls. 1500 on a three year's agreement, renewed in October 1929. In October 1930 Director General Fessenden first verbally and then in writing informed the plaintiff that the Council had decided not to renew plaintiff's agreement and that in case plaintiff desired to retire before the end of the contract the Council would be prepared to receive any proposal the plaintiff might make.

In the course of his evidence the plaintiff said: "Regarding my relations with the Council, I can say that I seemed to have their entire confidence. My relations were perfectly harmonious and in every way most satisfactory until March 1929, when there appeared an article in the *Showdown* in which the writer, Bruce Lockhart, reproached Mr. Fessenden, the then Chairman of the Council, for taking over the position of Director-General. He said it was an unnecessary appointment and that he didn't think Mr. Fessenden was suited for it. From then on not only was Mr. Fessenden not so friendly with me as before, but he was constantly challenging my action and wanted to know why I had done this and that, whereas previously he had always an unusual reliance on what I had done and hardly ever questioned me at all. From that day he was constantly challenging whatever I did, and sometimes in a very offensive manner. He was no longer friendly towards me and made my position extremely difficult."

Evidence was called by plaintiff to show that the Council's agents in London were in the habit of promising continued employment.

The defendants did not call any witnesses. Judgment was reserved.

British Hospital in Shensi Closed as Result of Agitation

A recent *Reuter* telegram from Peiping stated that the only regular hospital apart from militarv hospitals in Shensi, the Jenkins-Robertson Memorial Hospital in Sianfu, has been closed for upwards of two months owing to an agitation against the British doctor in charge, Dr. Alec. A Lees.

The trouble arose over the distribution of founds contributed from England for famine relief, a good deal of which was handled by the hospital authorities and given out to the starving people in food and in other ways.

Some agitators employed at the hospital demanded that certain of these funds should be divided among them and accused Dr. Lees of enriching himself out of the fund. Huge cartoons of Dr. Lees have been stuck up all over Sianfu for the last two months with such inscriptions as "The man who gobbles famine funds at one gulp."

The recalcitrant hospital attendants went on strike and all work ceased. Now, however, other workers are being taken on and the agitators permanently dismissed, so it is expected the hospital will be able to re-open very shortly.

The officials and better-class people of Sianfu are stated not in any way to have associated themselves with the agitation against Dr. Lees.

Inspectorate-General of Police Established

The Central Political Council has decided to institute an Inspectorate-General of Police to take charge of Police Administration throughout the country. The new organ will be placed under the direct jurisdiction of the Executive Yuan. Regulations governing its organization are to be formulated by the Legislative Yuan. Mr. Wu Te-cheng, Political Vice-Minister of the Interior, has been appointed concurrently as the Inspector-General.

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In the Fields of Finance and Reconstruction

Central Bank at Canton Becomes Kwangtung Bank

The Central Political Council at Nanking on March 12 approved regulations for reorganizing the Central Bank of China at Canton. In future it will be known as the Kwangtung Provincial Bank.

Central Bank Ships $6,500,000 in Gold Bars to San Francisco

The Central Bank of China on March 12 shipped gold bars to the value of $6,500,000 in U. S. Currency to San Francisco for the purpose of having them minted into coins, the purpose being to avoid the interest loss resulting from leaving the bars in the value of the bank.

Nanking Examination Hall to Cost $400,000

The Central Political Council on March 11 approved estimates for the construction of a Central Examination Hall in the capital to cost approximately $400,000. The so-called Examination Appraisal Committee was provided with $15,000 covering its expenses for 1930-1931 fiscal year.

China's Territorial Waters Fixed at 12-Miles

A conference of representatives of the Ministries of War, Navy, Communications and Foreign Affairs on March 12 decided that China's territorial waters would extend 12 miles from the coast. The Central Political Council is formulating regulations for putting the ruling into effect.

Request Release of Boats Seized by Soviet

Various Chinese shipping companies in Harbin on March 13 sent a petition to Mo Teh-hui, Chief Delegate to the Sino-Russian Conference in Moscow, urging him to request the release of a number of Chinese-owned steamers which were seized by the Soviet authorities on the Amur and Sungari rivers in 1929 and are still being held.

Air-Mail Service Between London and Australia

A report from London by the *United Press* on March 12 stated that the British postal authorities were planning the early establishment of an air-mail service between London and Australia and Singapore, which would have the effect of reducing the time for mails from England to China. The new service will be under the supervision of Sir Robert McLean, chairman of Vickers.

Hongkong to Have Wireless Telephony

The chairman of the Hongkong Telephone Company announced recently that negotiations were in progress looking toward linking up Hongkong by wireless telephone with London and other world cities within two years. He also said that the trunk telephone line linking Hongkong and Canton should be completed by August, with facilities for 30 simultaneous calls.

Shantung Peasants Begin Trek to Manchuria

More than 10,000 Chinese peasants have already emigrated to Manchuria this year according to reports in the Chinese newspapers from Tsingtao, stating that most of the emigrants come from the interior of Shantung. While many proceed northward along the Chinese Government railways, most of them go to Tsingtao and thence by steamer to Dairen from which point they filter throughout Manchuria.

Would Develop Market for Cuban Sugar in Chin

A report in the *Shanghai Evening Post* on March 13 stated that Ricardo Grave de Peralta, chairman of the Cuban Sugar Mission, which has been in China for some time, has practically completed arrangements for marketing Cuban sugar in China in large quantities. He stated that sugar consumers in China are now paying more for their product than any other peoples in the world. Mr. Peralta stated that he was also investigating Chinese raw products with the object of developing a reciprocal trade.

Proposed Railway to Connect Peiping and Jehol

Private Chinese commercial interests have petitioned the Northeastern Political Affairs Committee at Mukden for permission to construct a railway connecting Peiping and Jehol, the object being to develop trade and communications between Hopei and Jehol provinces. The project has been referred to the Northeastern Communications Affairs Committee.

Japanese Economic Missions to U. S., India and Europe

A *Rengo* dispatch from Tokyo on March 13 stated that Japan is sending economic missions to the United States, India and Europe shortly. The mission to the United States will be composed of representatives of the Commerce and Industry and Railway Department and from various chambers of commerce in different parts of the country.

Salt and Rice Taxes in Anhwei Ordered to be Abolished

The Ministry of Finance has telegraphed to the Anhwei Provincial Government requesting that unauthorized special levies on rice and salt be immediately abolished. The telegram adds that the government will grant a monthly subsidy of $100,000 to make up for any deficit in the provincial budget resulting from the abolition of these taxes.

Drawing for Payment of Shanghai Municipal Loan

The Bureau of Finance of the Municipality of Greater Shanghai announced on March 15 that drawings for the redemption of part of the principal of the $3,000,000 municipal loan, will be held on March 20 at the offices of the Shanghai Bankers Association. The Ministry of Auditing Shanghai District Court and Greater Shanghai Municipal Government have been asked to send representatives to supervise the drawing.

Chartered Bank's Annual Dividends to be 14 Percent

At the annual meeting of shareholders of the Chartered Bank of India, Australia and China, the directors will recommend a final dividend at the rate of 14 percent per annum together with a bonus of six shillings, three pence per share, both subject to income tax. Thirty thousand pounds sterling are being set aside to cover contingencies and £187,597-9-0 will be carried forward.

Lancashire to Build Mills in India

A group of Lancashire industrialists has sent experts to India for the purpose of making plans for the erection of a large cotton mill, the object being to escape the high Indian tariff schedules. The report by the *United Press* correspondent from Bombay stated that the Lancashire group planned to establish mills to handle spinning, weaving and finishing operations in the cotton piece-goods trade.

Chinese Navy to Build College on Chekiang Coast

A report from the Ningpo correspondent of *The China Press* on March 15 stated that the Chinese naval authorities are now drafting plans for the early construction of a Naval College, modeled somewhat on the American Annapolis, at the port of Changshan, located on Nimrod sound on the Chekiang coast. The report stated that the college will occupy 300 mow (one mow equals one-sixth of an acre) of land and the work will be under the direction of Captains Wong and Kao of the gunboats Hanyung and Tungchi respectively. The cost of the buildings will be approximately $500,000 and will be supported by an annual appropriation of $30,000 from the Navy Department. H. K. Murphy, American architect, recently visited Changshan in company with Admiral Chen Shao-kwan, and inspected the site.

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WHY NOT COME AND TRY?

Finance Minister Denies Reports of Customs Decrease

T. V. Soong, Minister of Finance, in a statement issued through *Kuomin* on March 14 denied the accuracy of reports circulated that there had been a serious decrease in the Customs revenue for January and February of the present year. He stated that the receipts for the current year "have held up remarkably well and exceeded receipts for the corresponding months of last year." Mr. Soong stated that the inaccurate reports probably had been issued for the purpose of influencing the local bond market.

Nanking-Hangchow Highway to Open on May 1

A report from Nanking on March 14 stated that the new motorhighway connecting Nanking and Hangchow will be officially opened for traffic on May 1. Work on the road has ben in progress during the past year. The section in Chekiang province has already opened to traffic, but considerable work is still necessary on the section through Kiangsu province. The opening of the road will facilitate travel between the National Capital and Hangchow without necessitating the detour by way of Shanghai.

Chinese Insurance Companies Form Association

According to a report in the *Sin Wan Pao* executives of the China United Assurance Society, the Yung Ning Insurance Company, Jin Kee Ho Insurance company and the insurance departments of the Wing On and Sincere Companies, recently held a meeting for the purpose of centralizing their capital in order to better meet the competition of foreign companies. A resolution adopted provided for the future writing of policies in the Chinese language. Committees were appointed to investigate various phases of the Chinese insurance situation.

Will Issue Public Loan for Huai River Conservancy

The Huai River Conservancy Board, at a special meeting in Nanking on March 13, decided to issue a public loan for the purpose of carrying out the conservancy program. A sinking fund for principal and interest will be created from funds to be allotted from the British Boxer Indemnity refund. Chwang Sung-fu, acting chairman of the Board presided at the meeting. Gen. Chiang Kai-shek, who is chairman of the Board has requested that a member of the Conservancy Board be included on the Board of Trustees in charge of the British Boxer Indemnity Refund.

Italy Would Extend Commercial Influence in Orient

A report of the *United Press* from Rome on March 13 stated that the question of an extension of Italian commercial and political influence in the Orient, particularly in Japan and China, was discussed in the Chamber of Deputies in connection with the debate over the budget for the Foreign Ministry. Deputy Basile urged the establishment of bureaus for stimulating the sale of Italian products, pointing out that other nations such as Britain, Germany and the United States were striving to increase their trade. He urged that Italy should not be permitted to lag in the race for markets in the Far East.

Proposed Motor Highway Between Ihing and Soochow

Construction work on the Kiangsu section of the motor highway along the Taihu Lake between Ihing and Soochow will start immediately, it was announced by the Kiangsu Provincial Department of Reconstruction. Surveys of the whole route were completed last month. The projected Highway will be 132 miles long. The cost of construction is estimated at $1,975,000, of which $1,000,000 will be allotted from the Kiangsu Provincial Reconstruction Loan. The building of this important highway around the Lake, which is expected to develop traffic and trade between the neighboring provinces of Kiangsu and Chekiang, was arranged last year between the authorities of the two provinces. The Kiangsu section of the road is three-fourths longer than the Chekiang section.

Mukden Shortly to Become Regular Municipality

A telegram from Mukden on March 7 stated that the present Municipal Affairs Committee which has had charge of the administration of the city will shortly be abolished and a regular municipal government organized in its place. The new organization will conform to the national Law pertaining to municipalities. The report stated that the commercial, industrial and political growth of the city had necessitated the organization of a regularly constituted municipal government.

Further Plans for Development of National Capital

General plans and designs for the location of the Central Administrative District in the Capital are being made by Kwan Sung-sheng, technical expert of the Engineering Department of the Capital Reconstruction Commission. The whole project will be completed by the end of April. Acting under instructions from the National Government Council, the Commission, in conjunction with the Ministry of Foreign Affairs and the Nanking Muicipal Government, will also prepare charts of a number of tracts of land in the residential district proposed for the accommodation of the various Foreign Legations.

Lunghai Railway Extension Work Proceeds Rapidly

Work on the extension of the Lunghai Railway towards Tunkuan and Sianfu is proceeding rapidly, according to a recent Reuter dispatch from Peiping, and the railway authorities express the hope that the line will be actually running to Tungkuan in a few months and to the Shensi capital some time next year. The Lunghai Railway is a beneficiary under the Belgian boxer indemnity refund. A Belgian, M. A. Fleury, is in charge of the work, which involves no small engineering feat as about a dozen tunnels have had to be made between Lingpao and Tungkuan. These are all finished and a larger tunnel in Tungkuan itself is nearing completion.

Chang Hsueh-liang Calls Northeastern Communications Conference

Marshal Chang Hsueh-liang, head of the Northeastern provinces will convene a Manchurian Communications Conference the latter part of the present month, according to a report from Shenyang (Mukden) on March 10. Measures governing the expansion of the navigation routes and the development of postal, telegraph and telephone communications in North China will be formulated. The Conference will be attended by representatives from the Liaoning, Kirin, Heilungkiang, Jehol, Shansi, Hopei, Charhar and Suiyuan Provincial Governments, which are under the direct jurisdiction of General Chang.

Nanking Will Shortly Launch Another Gunboat

Launching of the new gunboat "Min-Sen", which has been under construction by the Kiangnan Dockyard and Enginering Works in Shanghai for the last six months, is to take place during the early part of next month, according to the Ministry of the Navy. The boat is 204 ft. in length, 26 ft. in width, 11 ft. 8 ins. in depth; speed 18 knots per hour. It will be equipped with modern, including anti-air craft, guns, and will carry a crew of 304 men. The next boat to be built under the Ministry's construction program, it was stated, will be a larger battleship with a displacement of 3,000 tons. The keel of the gunboat is expected to be laid next month, when materials for its construction, ordered from Japan, arrive at Shanghai.

Sino-Japanese Communications Meeting Scheduled for March 27

A dispatch by *Rengo* from Tokyo on March 11 stated that it had been decided that the Sino-Japanese Communications Conference would be held at the Railway Department as from March 27 lasting about 10 days. The programme to be discussed at the conference covers 21 questions including 6 of the Railway Department, 9 of the Chinese Railway authorities, 1 of the Chosen Railway and 3 of the South Manchuria Railway with some others. One of the features of the programme is the creation of the return ticket system between Japan and China via Shanghai, and the other is the invitation of Japanese and Chinese tourists to each neighbour nations.

National Aviation Conference Scheduled for April 1

The National Aviation Conference announced sometime ago, will meet in Nanking on April 1, the purpose being to consider development of aviation projects and strengthening the national defenses of the country. Delegates will include representatives of the Ministry of War, directors and sectional chiefs of the National Aviation Department and representatives from the various aviation organs in the provinces and municipalities.

The Commander-in-Chief's headquarters at Nanking on March 15 issued instructions that the sum of $500,000 monthly be appropriated to the Aviation Department of the Ministry of War, the purpose being to provide for expansion in accordance with recommendations of Col. Chang Hui-chang, commander of the National Air Force. The Ministry of Finance has been instructed to remit the foregoing appropriation to the aviation department, beginning from January this year.

Further Extension of Air-Mail Passenger Services

A schedule for the operation of the various new air lines by the China National Aviation Corporation during the current year has been determined, according to an announcement on March 11. Following the inauguration of the Hankow-Ichang section of the Shanghai-Chengtu service on the 16th inst., the Corporation has set April 1 as the date for the regular operation of the Nanking-Peiping air route. As regards the Shanghai-Canton service, preparations are being made so that it may also be inaugurated within the first half of the year. Owing to the special climatic conditions in Szechuen province as compared with the lower Yangtsze region, it is stated that special arrangements must be made for the Szechuen section of the Shanghai-Hankow-Chengtu air line. In place of the monoplanes now in use, therefore, two bimotor planes costing about G.$40,000 are being ordered from America. It is hoped to have the Ichang-Chengtu section in operation in the summer months.

New Chemical Plant at Woosung to Cost $500,000

Subject to Governments regulations, plans for the establishment of a Chemical Works for the manufacture of Sulphuric, Nitric and Hydrochloric acids for industrial purposes are being made by a group of Chinese business leaders. The initial capital for this new enterprise will be $500,000, and the factory will be erected in Yinghang, near Woosung. It is stated that with the exception of some of the Government arsenals where small quantities of chemicals are produced for their own use, Chinese industrial works are at present entirely dependent upon foreign imports for the supply of heavy chemicals. In Shanghai alone, it is estimated that the annual demand is approximately 50,000 drums. Preparations for the establishment of the new Works will be under the technical direction of Lin Ta-chung, Director of the Powder factory of the Arsenal at Lunghwa.

Arbor Day Occasion for Talks on Reconstruction

National Arbor Day, which was observed in all parts of China on March 12 was the occasion for addresses by officials dealing with various phases of the reconstruction program. More than 10,000 attended the meeting in Nanking which was addressed by H. H. Kung, Minister of Industries, who urged preservation of existing forests, spread of knowledge on forestry and encouragement for private afforestation projects as a means of flood and drought prevention, fertilization of the soil and amelioration of weather conditions. Shao Yuan-chung, vice-chairman of the Legislative Yuan emphasized the development of productive enterprises, including afforestation while President Chiang Kai-shek recommended the setting aside of one-third of an acre in each hsien districts for tree-culture. Following the addresses there was a tree-planting ceremony. Similar meetings were held in Peiping, Mukden and elsewhere. More than 10,000 attended the meeting in Peiping, which passed resolutions demanding the suppression of communism, abolition of exterritoriality and the adoption of plans for revising the prosperity of the Pei-ing-Tientsin district.

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Greater Shanghai Civic Center to Cost $500,000

Mayor Chang Chun in an interview on March 8 announced that bids for the construction of the proposed Municipal Government building for the Greater Shanghai Municipal Civic Centre, estimated to cost about $500,000, will be opened next month. Actual work will begin in May and the laying of the corner-stone will take place on July 7. The building is expected to be ready for occupation in the autumn of 1932. Construction of the main thoroughfares leading to the Civic centre will be completed by next month. According to Mayor Chang, it has been decided to mark off 1,000 mow of land in the heart of the district which is to be sold at a low price as an encouragement to investors with the aim of developing the area into a prosperous business district.

Public Drawings Held for National Bond Redemptions

Public drawings for the redemption of part of the principal of the $15 million 8 per cent National Loan of the 14th year (1925) of the Republic (7th drawing) and the 17th Year (1928) Short Term National Currency Bonds for $30 million (5th drawing) were held on the afternoon of March 9 at the Shanghai Bankers' Association under the supervision of the representatives of the Ministry of Auditing, the Shanghai Bankers' Association, the Shanghai Native Bankers' Guild, the Shanghai General Chamber of Commerce and the Sinking Fund Committee. Mr. Loy Chang, Director of the Public Loan Department of the Ministry of Finance, officiated. The terminal numbers of the bonds drawn were respectively as follows: *8% National Loan of the 14th Year of the Republic:* 13, 39, 48, 55, 61, 84, and 91. Bonds to the value of $1,050,000 will the redeemed. *17th Year Short Term National Currency Bonds:* 21, 70 and 77. Bonds to the value of $900,000 will be redeemed. Payment will be made through the Central Bank, the Bank of China or the Bank of Communications throughout the country as from the 31st inst.

Increase of Passenger Fares on Government Railways

The Shanghai-Nanking and Shanghai-Hangchow-Ningpo railways announced increases in their passenger fares, effective from March 14, according to a report from Nanking by the *Kuomin* service. Due to the silver slump, the two Lines are in a difficult situation in regard to their gold obligations. The report stated that a 20 per cent increase was to be made. Simultaneously with the imposition of higher fares, however, all communication surcharges and levies heretofore collected are to be abolished. In conformity with their program of improving the existing traffic service, the two Railways have also decided upon a new schedule to be enforced on April 1. Two additional express services will be operated daily between Nanking and Shanghai while another express train will be put on the Shanghai-Chinkiang section to relieve the congestion. As soon as funds are available, ten additional locomotives will be purchased from Great Britain. In connection with the increase in transportation rates of the Shanghai-Nanking and Shanghai-Hangchow-Ningpo Railways, scheduled for March 15, it is learnt that similar increases on other Government railways will also be introduced gradually in accordance with a proposal adopted at the National Railway Transportation Conference. Details of the new schedule reveal that all passenger fares on these two railways will be raised by 20 per cent. while increases in freight rates will range from a maximum of 20 per cent. downwards. The higher charges to be imposed are due entirely to the unfavorable gold exchange and the silver cost of railway materials.

A comparison of the rates of the various Government railways shows that the Shanghai-Nanking and Shanghai-Hangchow-Ningpo lines are at present the lowest. Passenger rates per kilometre on the respective railways are as follows:

Peiping-Hankow, Peiping-Suiyuan	$017
Tientsin-Pukow and Lung-Hai Railways..	017
Peiping-Liaoning Railway	015
Kiaochow-Tsinan Railway	013
Shanghai-Hangchow-Ningpo Railway	012
Nanking-Shanghai Railway	010

Similar ratios also apply to freight rates for transport of goods.

Central Council Approves Regulations for National Budget

The Central Political Council on March 11 adopted regulations for the inauguration of a national budget of revenue and expenditures to become effective in the present year. The scheme provides that,

1. The responsible Government financial authorities shall compile, on the basis of the national revenue collected during the preceding fiscal year, a complete estimate of revenue for the current year.

2. The Military Authorities shall likewise compile and submit an estimate of the Ordinary Military Expediture for the current year based upon the number of military units reduced to a minimum in accordance with the actual number of troops. Apart from this, an estimate of Extra-ordinary Military Expenditure, including the expenses which have to be incurred for bandit-suppression and the repatriation of members of abolished military organs should also be formulated.

3. A set of regulations shall be enacted for the punishment of officials who fail to submit their estimates within the prescribed time-limit. Such officials shall be liable to dismissal; and their immediate superior Government organs shall compile, on their behalf, the requisite estimates based upon the old records. All Government organs, whether military or civil, shall be required to submit their estimates for the current year within the prescribed time-limit.

4. The system of auditing shall be rigidly enforced. Beginning from the current fiscal year, officials responsible for the compilation of financial statements, who fail to receive within six months of the prescribed date a certificate from the Ministry of Auditing relieving them of responsibility, shall be suspended from their present office, regardless of whether they are still holding the same posts or have been transferred or promoted.

Newspapers Would Develop Own Independent Wireless

According to a report published in the *Shanghai Evening Post*, a new short wave radio station at Los Angeles will in the near future increase Shanghai's contacts with the world abroad. The Federal Radio Commission Washington, D.C., has granted to Press Wireless, Inc., permits to erect 19 short wave radio stations for communication between points on the American continent and two stations for handling trans-oceanic news matter. These facilities will be used with others given to the organization in the formation of a worldwide communication network for the handling of news matter in the same manner it is handled by land wires at present.

Under the terms of the grant of the facilities by the commission (constituting 20 continental and 20 trans-oceanic short wave frequencies) the Press Wireless company must serve all newspapers clients on the same basis, and the facilities will be used exclusively for the transmission of new matter. Permits to build the stations at the following places have been awarded; San Francisco, Dallas, Kansas City, Mo.; Denver, Los Angeles, Minneapolis, Seattle, Salt Lake City, Washington, D.C., Chicago, Atlanta, Cleveland. Memphis, Detroit, Miami, Philadelphia, New Orleans, Little Neck, L. I. and Upper Newton Falls, Mass. These stations, when in operation, will be in communication with Boston, New York, Philadelphia, Washington, Miami, Detroit, Cleveland, Chicago, Memphis, New Orleans, Atlanta, Minneapolis Kansas City, Dallas, Denver, Seattle, San Francico, and Los Angeles. The two stations for the transmission of trans-oceanic news matter will be situated at Los Angeles and Chicago. The former station will communicate with Mexico City, Honolulu, Fairbanks, Manila, Mukden, Shanghai, Tokyo, Auckland, Sydney. The Chicago station will be in direct contact with Halifax, London, Mexico City, points in Central and South America and other stations owned by the company. Permission is also given these two stations to transmit domestic communications if they do not interfere with the services of any other country. The continental frequencies will operate with 10,000 watts of power; the other two with 5,000 watts of power. It was announced by the commission that the press group will be allowed "a reasonable time within which to construct its stations." Progress on the project has been held up for more than two years by internal strife and later by interference from the commercial companies who sought to have the commission allot to them the 40 frequencies set aside for the dissemination of news matter.

Finance Official Denies New Taxes Handicap Chinese Business

The *Kuomin* news service in a dispatch from Nanking on March 11 stated that a recent editorial in the Shanghai *Nichi Nichi Shimbun* alleged that the Consolidated Tax for Rolled Tobacco—which levies equal tariff on cigars and cigarettes whether manufactured by Chinese or foreign companies—has given a death-blow to the Chinese industry and brought about a virtual monopoly of the domestic market by foreign-owned factories. Continuing, the paper argued that the Consolidated Excise Tax for Cotton Yarn (wherein the principle of equal treatment to Chinese and foreign mill-owners is also observed) will therefore likewise confer a virtual monopoly on Japanese cotton mills! Hsieh Chie, Director-General of the Consolidated Tax Administration under the Ministry of Finance, stated that the *Nichi Nichi's* statement was a preversion of facts. Quoting from the tax returns for the years since the Consolidated Tax came into operation, Mr. Hsieh said that whereas in 1928 Chinese rolled tobacco factories paid only forty-three (43) per cent. of the total cigarette revenue, in 1930 their business had so increased that they were paying fifty-six (56) per cent. of the revenue. Mr. Hsieh added that it was well known that irregular taxes like Likin, et cetera, under which the trade of the country suffered in the past, worked harder on Chinese than on foreign industries, and that equal treatment instead of handicapping Chinese industry actually relieves it from the disadvantages of the past. He characterized the Japanese attack as part of an unscrupulous attempt of certain foreign merchants who are seeking means to return to the irregular practices of the past under which they flourished at the expense of native industry.

Regulations for Safeguarding of Private Enterprises

The Legislative Yuen on March 6, received from the Ministry of Industry, a draft of regulations which have been proposed for the safeguarding of private enterprises. The memorandum which was submitted in pursuance of a resolution of the 4th Plenary Session of the C. E. C. deals with commercial, industrial and mining enterprises which come under the jurisdiction of the Ministry. A summary follows:

A. *Commercial Enterprises:*

The Political Platform of the Party contains a provision to the effect that enterprises of monopolistic nature as well as those beyond the ability of private individuals shall be operated by the State.

The Ministry has therefore to formulate its policies regarding commercial enterprises in conformity with this general provision, due regard being had to the following points necessary for the safeguarding of private undertakings:—

(1). Non-encroachment upon the fields of private enterprises shall be the determining factor in the inauguration of any State enterprise.

(2). No State enterprise shall be established in any locality where a private undertaking of sufficient magnitude engaged in the same line of business is already in operation.

(3). State enterprises shall occupy a status equal with and not superior to private enterprises.

(4). Special laws shall be enacted for the safeguarding of private property so as to encourage private investments.

B. *Industrial Enterprises:*

At the 5th Plenary Session (1928) of the C. E. C. (2nd National Congress), the Ministry had submitted a proposal for the promotion of various basic industries. The object the Ministry then had in view was to select a few important industries and place them under State operation. No restrictions whatsoever are, however, to be imposed upon private undertakings, the development of which it has always been the endeavor of the Ministry to accelerate. Thus, according to the Special Law for the encouragement of industries, private undertakings which have achieved noteworthy results will be given appropriate subsidies.

The policy of the Ministry regarding industrial enterprises may therefore be described as the promotion of both State and private undertakings.

As a result of joint deliberations between the Ministries of Industry and Finance a $15 million industrial loan for the organization of five Government factories, namely, a textile factory, a woollen mill, a salt and sugar refinery and a chemical works to promote the development of domestic industry, will shortly be issued. Measures governing the security and the Sinking fund are under formulation. A committee in charge of Government-managed basic industries will shortly be appointed by the Ministry of Industry for the opening and management of the factories.

C. *Mining Enterprises:*

The scope of State mining enterprises has been defined in the Mining Law, which provides that all iron, copper and petroleum oil mines as well as anthracite coal mines suitable for metallurgical purposes shall be State-owned.

Ample provisions are also contained in the Mining Law for the safeguarding of private undertakings. Thus, Article 9 provides that concessions may be granted to private individuals (citizens of the Chinese Republic), for the exploitation of State-owned mines. Again, Article 119 provides that concessions which were obtained before the promulgation of this Law shall be deemed as having been legally acquired in accordance with the Law. Article 92 also stipulates that where due to strikes of miners or *force majeure*, the operations of a mine have to be suspended continuously for two months, the concessionaire may petition for exemption from the mine tax for the period during which the work is in suspension.

All these provisions are evidently designed to encourage and safeguard private mining undertakings, the memorandum point out.

The Executive Yuan has received a petition from the shareholders of the Chung Yuan Coal-mining Company of Honan urging that, in accordance with the Government's declared policy of protecting private enterprises, the Honan Provincial Government be instructed to hand over the control of the Mines to the Board of Directors duly elected by the shareholders. In compliance with this petition, the Executive Yuan has instructed the Ministries of Industry, Railways and Foreign Affairs to conduct a joint inquiry into the matter.

Political Revolution Looms in United States

An American political revolution is foreshadowed by recent events in the United States. Liberals from private life and insurgents and Progressives in Congress held a conference last week to map out a legislative program for the 72nd Congress. The economic ills of the nation were discussed at length. Senator George W. Norris, insurgent Republican of Nebraska, brought the conference to its feet with his declaration that what America needs is another Theodore Roosevelt in the White House. Mrs. Robert Scripps warned the Progressives that serious consequences, even a Dictatorship, must come to the United States unless methods are found to permanently relieve the present economic situation, which permits of cycles of business depression.

The conference adopted resolutions demanding that members of the Cabinet appear on the floors of Congress, as they do in the House of Commons in England. Another resolution provides for strengthening the direct primary election system while still another, adopted by the Progressives, provides that when the 72nd Congress convenes Senator Norris will reintroduce his bill calling for the abolition of "lame duck" sessions of Congress. R. M. La Follete, Wisconsin, holds President Hoover personally responsible for the failure of the last Congress to relieve the distress due to drought. Senator Borah, in an article in *Colliers Weekly*, protests against the Administration's propensity to appoint commissions whenever a troublesome question arises. This course of action, he declares, has the effect of avoiding direct responsibility to the people.

Senator Borah Pleads for a New Political Party

Senator William E. Borah, independent Republican of Idaho, has definitely broken with President Hoover by casting in his lot with the avowed insurgents in Congress. In a speech at Washington March 11 he pleaded for a political party or political voices to represent and speak for that "96 per cent of our population which possesses only 20 per cent. of the national wealth." Senator Borah said that the Republican and Democratic Parties, as such, as more interested in supporting the interests of the men who finance the election campaigns than they are in seeing that the great masses of the people are given a voice in the legislative chambers.

Who's Who in China

Z. D. Zau, physcian; born at Shanghai, Kiangsu, 1892; attended St. John's University, 1906-08, Shanghai College, 1908-11, Harvard Medical School of China, 1911-16 and Harvard Medical School of Boston Mass. U. S. A., 1918-21; after completion of his medical studies, he successively served as associate in surgery and genito-urinary, surgeon-in-charge of Peking Union Medical College Hospital, 1921-29, personal physician and surgeon to Gen. Chiang Kai-shek and assistant superintendent and chief surgeon of the Central Hospital, Nanking, 1929-30; now, physician-in-charge of Commercial Press, physician-in-charge of Edison General Electric Com., and visiting surgeon to the Orthopedic Hospital of Shanghai, and private practice in general and genito-urinary surgery in Shanghai; office address: National Pharmacy, 643 Nanking Road Shanghai.

Z. D. Zau (Tsao Chen-tao)
曹晨壽

Yao Hung
姚鋐字景庭

Yao Hung, government official; born at Tsinan, Shantung, 1875; passed the prefectual examinations under the Ching Regime with Hsiu Tsai degree; studied law in Japan, 1902-05; served as secretary to the various government organs in Chihli and Shantung after his return from Japan in 1905; counsellor to the 3rd and 4th Army Corps of the Cheng Wei Chun (Fengtien Army); appointed member of the Hopei Provincial Government and concurrently commissioner of Finance for Hopei, Nov. 1930, which positions he still holds; address: Hopei Provincial Government, Tientsin, Hopei.

U. S. S. "Houston" at Head of Asiatic Fleet Due in Shanghai April 5

The new flagship of the United States Asiatic Fleet, the U.S.S. *Houston*, is due to arrive in Shanghai April 5. The *Houston's* schedule is as follows: Leaves Manila March 23, arrives Hongkong March 25, leaves Hongkong March 30, arrives Amoy March 31, leaves Amoy for Shanghai April 3. Destroyers, submarines and other units of the fleet which have spent the winter in Philippine waters will accompany the *Houston* here. Admiral Charles Butler McVey, jr., commander in chief, is in command of the fleet.

Gandhi Makes Salt Once More

At the exact hour at which Mahatma Gandhi a year previously, in definance of the Indian Government, started on his famous march leading a body of pilgrims to the sea coast at Dandi to make salt from sea water, he left Borsad March 12 on a tour of the Kaira district. The present tour ended again at Danhi, on the shores of the Indian Ocean, where Mr. Gandhi proceeded once more to make salt from sea water, but this time in agreement with the Indian Government. He was accompained by Vallabhai Patel, President-elect of the forthcoming All-India Congress at Karachi.

Wild Scenes at Bombay Congress Building

Wild scenes on March 12 accompanied the reopening of the building of the Indian Congress at Bombay which had been seized by the Government last October. Several hundred Congress "volunteers" armed with lathis stormed the building and ran up a red flag. Then they lay down in front of the building and prevented those taking part in the procession who arrived for the formal opening of the building, from entering until they received an assurance that their grievances would be immediately considered. Police were called out, but Mr. Nariman, the President of the Bombay Congress, pacified the aggress ors by promising that their claims would be satisfied.

Indian Princes in Session at New Delhi

An informal preliminary meeting of the Indian Princes, who are attending the annual meeting of the Chamber of Princes at New Delhi was held March 16, at which it was decided to move a resolution in the open session of the Chamber approving the principles of federation with safeguards for the internal autonomy and the financial and economic rights of the States. The resolution will also empower the Princes' delegates to continue negotiations with the British-Indian delegates to the Round Table Conference.

Indian Radicals Cause Uproar in Bombay

Shouting "Down with Gandhi," "Down with the Congress," a handful of members of the Red Flag Union forced their way into a crowded meeting in the mill area in Bombay March 16, where Mr. Gandhi was due to speak, and plunged it into uproar.

Before Mr. Gandhi's arrival the Congress flag over the platform had been pulled down and the Red Flag hoisted in its place. Congress volunteers rallied to the fight, however, and succeeded in reinstating their own flag. Subsequently Mr. Gandhi's speech was constantly interrupted and he could only make himself heard with difficulty.

Good Progress Made on Wei-Pei Irrigation Project in Shensi Province

O. J. Todd, chief engineer of the China International Famine Relief Commission, returned to Peiping recently, and gave some details of the progress of the million-dollar Wei-Pei irrigation project now under way in the heart of Shensi Province.

Four miles of new canal are being built to bring water from the King River to the plain, where a distribution system will be constructed to handle the flow for the benefit of 90,000 acres of farmland. The job is divided into two portions, the canal head works and the distribution. The former includes the building of a dam, tunnel bridges, and the general widening and extension of the old canal in solid rock, at a total cost of $545,000. The dam will be known as the Honolulu Dam, because $145.000 of the $175,000 required for its construction was raised among Chinese, Americans, and other nationals in Honolulu. The entire work will be known as the Wei-Pei Irrigation Project, after the valley in which it is situated. Modern machinery is being used on the job.

The distribution system to handle the water once it is carried to the plain will entail an expense of $400,000. This will include a main canal and a number of main laterals. The fund, it is intended, will be contributed by the provincial government.

Chinese Ratepayers Back up Council on Dog Racing Issue

The Chinese Ratepayers of Shanghai reiterated their stand on greyhound racing in another letter to the Municipal Council last week, expressing satisfaction at the Council's course to close up the tracks, but at the same time feeling apprehension at the intention of the dog track companies to attempt to continue operations as a "club."

IN THE AMERICAN CONSULAR COURT
FOR THE DISTRICT OF SHANGHAI, CHINA

In re. Estate of JOHN BURL WRIGHT Deceased

Cause No. Special Proceeding No. 120 NOTICE

Pursuant to an Order of said Court, notice is hereby given to all persons having claims against the estate of JOHN BURL WRIGHT, deceased, to present the same with vouchers to the undersigned on or before September 15, 1931, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China.
March 13, 1931

J. ERNEST BLACK,
American Vice Consul
Shanghai.

In the American Consular Court
For the District of Shanghai, China

In re Estate of JAMES JOSEPH MOYDEN, Deceased

Cause No. Special Proceedings No. 121 NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of JAMES JOSEPH MOYDEN, deceased, to present the same with vouchers to the undersigned on or before September 15, 1931, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China.
March 13, 1931

J. Ernest Black
American Vice Consul,
Shanghai.

IN THE AMERICAN CONSULAR COURT
FOR THE DISTRICT OF SHANGHAI, CHINA

In re Estate of MARY ALICE KELLER. Deceased

Cause No. Special Proceedings No. 122 NOTICE

Pursuant to an Order of said Court, notice is hereby given to all persons having claims against the estate of MARY ALICE KELLER, deceased, to present the same with vouchers to the undersigned on or before Sept. 15, 1931, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China.
March 13, 1931.

J. ERNEST BLACK
American Vice Consul
Shanghai.

In the United States Court for China

In re. Lost & Testament of THOMAS ANDERSON, Deceased

Cause No. 3313 Special Proceedings No. 736 NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of THOMAS ANDERSON deceased, to present the same with vouchers to the undersigned on or before September 14, 1931, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China.
March 13, 1931.

ODA OYARU
c/o Schuhl & Lurton
141 Szechuen Road
Shanghai.

Men and Events

Dr. David C. T. Yui, general secretary of the Y. M. C. A. of China, is making an extended trip through South China.

Edwin S. Cunningham, Consul-General in Shanghai, was due to sail from San Francisco end of last week, on his return to China.

The eleventh annual general meeting of the Shanghai Medical Society will be held in the Shanghai General Hospital on Thursday, March 26 at 6 p.m.

The New England States will hold a Century of Progress exposition at Columbus Park, Strandway, Boston, Mass., June 16 to July 15, 1931.

The Ford Hire Service and Universal Hire Service both of Shanghai announce that from April 1 their business will be conducted on a strictly cash basis.

The death occurred at Peiping March 8 of Dr. Edward F. Parsons, American missionary doctor, in charge of the American Board Mission Hospital at Tungchow. Death was due to pneumonia.

The Canton branch of the Central Bank of China is to be reorganized into the Kwangtung Provincial Bank in accordance with a measure approved by the Central Political Council at Nanking March 11.

Sir W. J. Oudendijk, the Netherlands Minister, visited Nanking during the week to continue negotiations with the Minister of Foreign Affairs concerning the question of extraterritoriality.

The General Secretaries of the Y. M. C. A. of China held a conference at Soochow beginning of March which was attended by representatives from all parts of the country. Enthusiastic reports were made of results accomplished,

Fuad Bey, Turkish Charge d'Affaires, called on Dr. C. T. Wang, the Foreign Minister, in Shanghai, end of last week and presented his Government's reply concerning the new Sino-Turkish Commercial Treaty.

Dr. Luther Freeman was the speaker at last week's informal service at the Shanghai Foreign Y. M. C. A. Dr. Freeman was formerly pastor of Shanghai Community Church and is at present on a visit here from California.

The death occurred at Oakland, California, March 14 of Dr. Ng Poon-chew, a noted Chinese editor, lecturer and theologian, at the age of 65. Dr. Ng was born in Canton in 1866 and went to the United States when he was fourteen years old.

The superintendant of the Lester Chinese Hospital in his report for February states that 84 cases of attempted suicide came to the attention of the hospital during the month. In 59 of these suicidal attempts opium was used. There seems to be very little difficulty in obtaining opium, the report states.

Judgment was given in the U. S. Commissioner's Court March 14 in favor of M. A. Jacobs against the American Newspaper Syndicate, Fed., Inc., (*Shanghai Evening Post & Mercury*) for Tls. 200, salary in dispute. Defendants did not appear in Court.

A voluntary agreement has been reached between the U. S. Government and the most important oil-importing companies, for the purpose of reducing oil imports into the United States by several million barrels a year. The Royal Dutch-Shell interests and the Pan-American Petroleum Company are stated to be cooperating in the scheme.

Through traffic on the Peiping-Hankow Railway has been resumed after a suspension of about a week owing to the line having been cut when the Government's 12th division, on being ordered to Hankow from Sinyangchow revolted and tore up the rails between Liuling and Likiatsai. The line is now being heavily guarded by the Government's 6th Division.

American shipbuilding during 1930 practically doubled in tonnage over 1929, according to a recent announcement of the U. S. Department of Commerce. Of the total of world shipbuilding for last year of 2,889,000 gross tons, the United States contributed 246,687 tons, thus attaining second place among world countries.

Rear Admiral Yancey S. Williams, United States Navy, is announced to relieve Rear Admiral Thomas T. Craven as commander of the U. S. Yangtsze River Patrol on or about April 22. Admiral Williams is expected to leave for China from Seattle on April 4 aboard the Dollar liner *President Lincoln*, due in Shanghai April 21.

Frank A. Diekhoff, foreign sales manager of Simmons Saw Steel Company of New York, and William Scott, general manager of the Port Lamon Lumber Company, took off from Port Lamon, Surigao Province, P. I., in an airplane for Davao, beginning of last week, but as they failed to arrive at their destination for several days, constabulary patrols set out to search for them.

A *Reuter* telegram from Peiping March 14 stated that it is impossible to obtain in either Chinese or foreign official circles any confirmation of the reports circulated that a number of Soviet troops on the Inner Mongolia border are preparing to invade Chinese territory.

Miss Alexandra Tolstoy, daughter of the famous Russian writer, who is now lecturing in Japan, has been refused a passport by the Soviet Government, and as a result the Canadian authorities have refused permission to her to proceed to Canada, where she had intended to make an investigation of economic conditions.

The National Gymnastic Institute (of which General Chang Chih-kiang Commissioner for Kiangsu, is the President) has received permission from Nanking to open a special school for the teaching of the ancient art of Chinese boxing and fencing. Pending the selection of a suitable site classes will first be opened at the private residence of General Chang.

Twelve Japanese military officers, consisting of two majors, two captains, and eight non-commissioned officers, have been engaged by the Ministry of War as instructors at the Central Military Academy. They are scheduled to sail from Japan at the end of the current month and will take up their new posts in April.

M. Anikiff, Soviet trade commissioner to Japan, was shot and seriously wounded by a Japanese assailant at Tokyo March 16. It is reported that his condition is critical. The man who committed the act has surrendered. He said he did it out of revenge for the Soviet's actions in regard to the Japanese fisheries.

The monthly tiffin of the American University Club will be held at Ladow's restaurant, Monday, March 23 at 12.15. Gen. Sir Arthur Currie, President of McGill University, and Commander-in-Chief of the Canadian Forces during the World War, will be the speaker.

An industrial exhibition of Japanese products is being arranged in Siam in the course of the coming winter. This project is the result of the special efforts made by the Siamese-Japanese Association in view of the growth of the intercourse between the two countries.

At last week's session of the French Municipal Commission M. J. Fredet, author of the History of the French Concession in collaboration with M. Ch. Maybon, presented the Commission with a portrait of M. Charles de Montigny, the first French Consul at Shanghai and founder of the French Concession. The portrait has been placed in the Council Chamber.

When the 72nd Congress convenes in December Senator Hiram Johnson, Republican of California, will demand that a committee be appointed to investigate the practicability of establishing a naval academy on the Pacific coast. It is believed, however, that Senator Johnson's demand for a naval academy in California will not be received favorably in view of the belief that the trend is toward fewer and not more naval officers.

A recent telegram from Washington announced that John K. Caldwell has been appointed chairman of the Amercian delegation which is to attend the narcotics conference at Geneva in May. Mr. Caldwell has represented the U. S. Secretary of State on the Federal Narcotics Control Board since 1925 and he attended the 1928 and 1929 meetings of the League of Nations opium advisory committee at Geneva as United States technical expert.

The Chinese authorities are strictly enforcing the regulations that no automobiles without Chinese licenses may use the Chinese roads around Shanghai, and during the past few weeks not a few foreigners and several Chinese have been escorted to the Chinese police stations and made to pay fines for driving, in most cases unconsciously, off the Municipally-controlled roads on to the roads under Chinese control. The Chinese have recently built a good new road known as Chungshan road, encircling the Settlement, and it is on this road that most of the above mentioned automobilists have been apprehended.

The Tokyo Sanitarium was the scene of a riot on the night of March 11 when a score of ruffians made an attack on the hospital, ostensibly to secure the release of 150 nurses, who have been denied the privilege of leaving the premises since March 1, when they engaged in a demonstrative procession. Among those arrested by the Police was Mrs. Tai-ko Hirabayashi, a well-known proletarian writer. Of the nurses, 15 were immediately discharged on suspicion of having been communicating with radical elements outside of the Sanitarium.

The death occurred in Munich March 15 of Herr Fritz Thiel, former German Consul General at Shanghai, at the age of 67.

Jas. H. Lee, preprietor of the Lee Building, located at 38 Avenue Edward VII, has returned to Shanghai from a business trip to Hongkong.

Tang Shao-yi, formally assumed office as Magistrate of the Chungshan Model District, the native home of the late Dr. Sun Yat-sen, March 17.

General Chiang Tso-pin, Chinese Minister at Berlin, who is returning on furlough, is expected to arrive at Nanking early next month, travelling via Siberia.

The Pan-Pacific Association of Shanghai is arranging for an excursion to Nanking during the Easter holidays. The arrangements are in charge of Miss A. Viola Smith, room 501, Dollar building.

Prof. John A. Fairlie of the University of Illinois is visiting in Shanghai on a trip around the world. He is staying at the Cathay Hotel and is planning to depart next week for Nanking, Peiping and Mukden.

Direct radio service between China and France is expected to be available next month, according to a recent announcement made by the Ministry of Communications. Trial tests between the Chenju International Radio Station and the Paris Radio Station are in progress.

A. E. Schumacher, manager of the Equitable Eastern Banking Corporation of Shanghai, was married on March 17 to Miss Ruth Gilman, the ceremony being performed by Judge Milton D. Purdy of the U. S. Court for China. Mr. and Mrs. Schumacher departed for Hongkong on a wedding trip.

Moh Teh-hui is expected to leave Harbin for Moscow on or about March 21. According to official reports he is being given practically plenipotentiary powers to deal with the questions of the resumption of diplomatic and commercial relations with Russia, as well as the Chinese Eastern Railway question.

Roy Chapman Andrews, American zoologist, has been awarded the Hubbard Gold Medal for his discoveries in the Gobi desert. The expedition of which Dr. Andrews is the head started its work in the Gobi desert more than eight years ago. Its collection of fossils last year, however, was the biggest and most scientifically important it has ever made.

President Hoover is announced to embark next week on a cruise to Porto Rico and the Virgin Islands. It is stated that while in southern waters President Hoover will combine a period of rest with devotion to the solution of American administrative problems in her insular possessions. Pressure is being brought to bear on the President also to visit the Pacific area, including Hawaii, Guam and the Philippine Islands.

Recent telegrams from the United States indicate that employment is increasing and that retail sales are also improving. Steel production is said to be increasing while the payrolls of factories which manufacture motor cars also are on the increase. Some economists believe that the improvement now being noted should continue into the coming summer with prospects for better conditions when next autumn comes.

Consecration services were held in the newly erected Moore Memorial (Methodist Episcopal) Church, 56 Thibet Road, Shanghai, March 15. Rev. Sze Yu Lan, son of the first Chinese pastor; Rev. W. B. Burke, senior foreign pastor; Rev. T. T. Yui, pastor; Bishop Paul B. Kern; Rev. Z. T. Kaung, Chairman of the Central Council, and S. Y. Chao, Chairman of the Official Board, took a prominent part in the services.

Korean affairs have entered largely into Japanese politics of late, one of the subjects in dispute being a proposed transfer of the Prefectural Office at Koshu, western Korea, to a more convenient location. The Lower House is opposing the transfer on the ground that it would irritate the Koreans and cancelled the item of 300,000 Yen provided in the Budget to cover the expenses of the removal. The Peers thereupon re-inserted the item and then passed the Budget.

Lionel Curtis, British representative on the Pacific Council of the Institute of Pacific Relations, has resigned, according to a report appearing in the March issue of *Pacific Affairs*, published in Honolulu. Mr. Curtis attended the conference of the Institute of Pacific Relations at Kyoto in 1929, following which he visited in Shanghai for a considerable time. Mr. Curtis was largely responsible for the employment of Justice Feetham as legal adviser to the Shanghai Municipal Council,

The CHINESE NATION

Contents of Vol. 1, No. 40

March 18, 1931.

EDITORIALS

A National Budget
The Nishihara Loans
Rengo "News" Agency
Russo-American Relations
When Bankers Turn Statesmen
Newspaper Taste

SPECIAL ARTICLES

The Case of Germany
W. M. Goong

The Relief of Silk Industry
Paul K. Whang

Chinese Savings Banks in Shanghai
B. Y. Lee

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New Books of Interest in the Far East

Welfare of Chinese Labor Reaches Controversial Stage

Chinese Labor by Fang Fu-an, Published by Kelly and Walsh, Limited, Shanghai; About 185 Pages; $6.00.

Labor problems in China have become subjects of almost daily controversy in recent eventful years so that any honest attempt at interpreting these complicated issues in the English language should be warmly welcomed by the reading public. The author of the present volume is a graduate of the Department of Sociology of Yenching University, and has been connected with the Bureau of Industrial and Commercial Information for over a year. Thus he possesses the usually required training as well as the unusually helpful facilities for social research and writing. His present effort, however, contains many important omissions. To those foreign observers who have no accesss to the numerous sources of information that have already appeared in the Chinese language, the author has only brought added puzzles to China's intricate labor affairs.

To assert that the most useful portion of this book is its appendix (a reprint of China's recent labor laws from the *Chinese Economic Journal*, May, 1930) is not to detract from the author's painstaking endeavor, for we regret to note that no less than six complete paragraphs in Mr. Fang's first chapter are reproduced from an earlier monograph on *China's Labor Movement* published by the same Bureau where Mr. Fang is employed, but perpared by another person. To re-quote these particuar paragraphs here is merely wasting the valuable space of the *China Weekly Review*.

Besides, seven pages of material in the third chapter of the book are taken from Prof. H. D. Lamson's articles on industrial accidents which appeared in *The Review* last year; six pages of Chapter IV are reproduced from such periodicals as the *Bulletins* of the Bureau of Social Affairs, the Nankai Staisistical Weekly, the China Critic, and the Chinese Labor Year Book; ten full pages of material in Chapter VI are quoted from Chen Ta's Analysis of Strikes in China 1918-26; and several more paragraphs in Chapter V are taken from more original sources without the use of quotation marks. The topic for Chapter II is a very interesting but difficult one, namely, Chinese labor population. Here we are dealing largely with the unknown, and such estimates of China's industrial population as are tabulated in the book should not be accepted without big discounts. In the subsequent chapters we find rather alarming generalizations such as: "Working before a machine, a twelve hour-day is a solid twelve hours of work." This statement would be truer in the efficient West than in the meditative East. At least a number of employers whom we have seen lately complained that although working hours are long in China, the workers invariably take their time in performing their assignments. Again: "The position of the Chinese woman workers is extremely onerous. She works practically the whole year round without a single day's rest." While we know that the majority of women workers in China have very few holidays, we still think the author's statement is a little too far-fetched.

The author seems to be quite sure that China is overpopulated and states that birth control should be inaugurated to solve the cheapness of China's labor. At the end of his seventh chapter, he made some suggestions to cope with this acute situation, Although we admire some of the modern ideas laid down in this particular chapter, we cannot but find his program impracticable. Take this one as an illustration: "A course on eugencis should be conducted by the government and men and women be examined by doctors to determine whether they are fit physically and mentally to be progenitors of our future citizens."

The chapter on industrial welfare institutions, like the others, is not at all comprehensive. The few pages dealing with welfare projects in Shanghai contain a good deal of incorrect information, such as the location of the Shanghai Y. M. C. A. Social Center, the monthly rental for houses in the Pootung Model Village, sources of financial support of the said Village, etc. Also much of the data given in this chapter could have been brought up-to date. The author does not agree with the way the Village is financed, but at the same time says that the actual work there is sound. When he advocates that the masses should have the control of the government because they are the bulk of the country's population, we cannot but recollect the man who died of over-eating because he preferred to let his bulky stomach get the better of his head.

The last chapter, which deals with labor legislation in China, unfortunately neglected most of the contemporary develoyment in this field. Very little is written regarding the three recent labor laws promulgated by the National Government, although more than twenty pages are given to reprinting laws of former regimes, which were never enforced. As a whole, the book is largely a collection of materials which have already been published.

C. H. L.

Hoover and His Past

The Great Mistake; Can Herbert Hoover Explain His Past? John Knox, National Foundation Press, Washington, D. C.

This book, obviously political propaganda, is of interest in China for one reason only: it contains the first complete account of Herbert Hoover, the young American mining engineer, and the Chinese Engineering and Mining Company, Ltd., of Tientsin. Specifically, it contains a verbatim report, reproduced from the *London Times* of January, 1905 of the case in the High Court of Justice, Chancery Division, before Mr. Justice Joyce, of Chang Yen Mao v. Moreing and the Chinese Engineering and Mining Company, Ltd. Divorced from political propagada, the account is interesting in that it throws light upon that period of Chinese history designated by the term, "era of concession grabbing," which followed the Boxer uprising of 1900. The exploit of young Hoover in connection with the coal mining enterprise now known as the Kailan Mining Administration, probably could be duplicated in a dozen other instances where foreigners took advantage of prevailing conditions to get what they wanted. Present conditions in China are directly attributable to what occurred at that time. Young Hoover, the American mining engineer, was but the tool of a powerful British promotion syndicate which was able to use the British Navy to accomplish its ends.

Herbert Hoover, now President of the United States, is subjected to attack for his part in the Moreing enterprise. He is subjected to attack because he is President, the argument being used that his connection with the Kailan deal and numerous other mining promotion enterprises makes him unfit for his present position, or re-election. To single Hoover out for attack is unfair because he was but part of a world condition that prevailed at that time. The conditions were bad and, as stated, the world is now paying the penalty for its sins in the Orient. sins which will not be wiped out until the nations of the Orient have achieved their complete independence from Occidental exploitation.

Herbert Hoover was elected President of the United States because the business and industrial interests of the country were able to convince a majority of the American people that a "great engineer" was needed in the White House at this particular time. The present failure of President Hoover and the captains of industry who were responsible for his election, indicates that there must be something fundamentally wrong with the present system which has brought such widespread distress to a country, obviously, the richest in the world. Senator Norris of Nebraska, leader of the Republican insurgents, put his finger on the trouble when he said that ninety-five percent of the wealth of the United States was in the hands of five percent of the people. We probably shall hear much more of this before the next national election. To repeat, the singling out of Herbert Hoover for attack is unfair because he was but one of the figures in a system which is now genenrally recognized as bad, and for which the world is at present paying a bitter price.

B. J.

In India, But Apart

Personal Reminiscences in India and Europe, 1830-1888, by Augusta Becher; edited by H. G. Rawlinson; Richard R. Smith, Inc., New York, 1930. 230 pages with appendices.

This volume is a story told by the author for her children. It is not of startling interest to those unacquainted with India or the family concerned. The vicissitudes of military life in India are well described, and one can not but appreciate the endurance of army wives who followed their husbands through peril and discomfort, even taking young children along. Mrs. Becher went through trying times, and tells the story of the Mutiny.

To us the striking thing about the book is its description of life in India *with the Indians left out.* There is no suggestion that any Indians might be friends or acquaintances of the English. They were "the natives", even though they might be of royal blood. The English were always a people apart. It may be that this book is more enlightening than appears on the surface of its narrative. Contacts between rulers and the ruled always have results.

March 10, 1931.

G. C. S.

Recent Pamphlets Received

M. Heffer & Sons Ltd., publishers and booksellers, at Cambridge, England, have issued a catalogue of Oriental literature covering a wide scope. It includes the Far Eastern portion of the library of the late Sir Ernest M. Satow, long in the British diplomatic service.

"The East and Czecho-Slovakia" is the name of an illustrated brochure recently issued by the Society for Promoting Economic and Cultural Relations with the East, with headquarters at Prague. Czecho-Slovakia is going ahead very fast industrially and is rapidly extending its exports.

Recent issues of the Foreign Policy Association's *Information Service* discussed "Overproduction of Raw Materials" and "America's Stake Abroad."

An Outline of the Proposed Provincial Constitution

It is announced from Nanking that the general outline of the proposed *Yueh Fa* (Provisional Constitution) to be effective during the Period of Political Tutelage, has been decided upon by Dr. Wang Chung-hui, Mr. Shao Yuan-chung and Mr. Shao Li-tse, members of the sub-committee appointed by the Drafting Committee for the preparation of the preliminary draft. The proposed Constitution is to consist of the following five chapters:

(1). General Principles;
(2). Rights and Duties of the People;
(3). Organization of the Government;
(4). Political Tutelage Program;
(5). Appendix.

The Five-Yuan system as advocated by Dr. Sun Yat-sen is to be embodied in the constitution. What is practically a Bill of Rights will be included in Chapter 2, dealing with the rights and duties of the people. Chapter 3 will set forth the main items of the program to be carried out during the Period of Political Tutelage.

It is provided that all citizens of the Chinese Republic irrespective of race, religion, class or sex, shall be equal before the Law. Unless proved to have, or for good reason suspected of having, committed any criminal offence, no person shall be arrested, detained, tried, or punished.

The people shall be entitled to due protection, by Law, of their life and property. They shall enjoy freedom of speech, of assembly and formation of associations, of correspondence, of occupation and of conscience. No restrictions shall be imposed upon such rights except in accordance with the Law.

All citizens of the Republic shall also have the right to acquire education, to compete for civil service examinations and to hold public posts. They shall be subject to the duties of paying taxes and military service in accordance with the Law.

Making the People's Right of Petition Real

The Law of Petition, whereby private individuals may appeal to superior Government authorities for the redress of wrongs done by supordinate Administrative Organs, must hereafter be strictly obeyed, according to an order issued at Nanking during the week by the Executive Yuan to the various Provincial and Municipal Governments. The order says that non-compliance with the procedure prescribed by the law on the part of certain Government organs has in a great many cases defeated the purpose of the law. Such wilful disregard of the prescribed procedure, the order emphasizes, must be strictly prohibited not only to uphold the law but also to really achieve the purpose for which it was enacted.

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Junkers Planes Fly to Peiping from Shanghai in Seven Hours

The two Junkers planes which are to be used on the Shanghai-Manchuli section of the Euro-Asiatic air mail and passenger service, landed at Peiping, March 15, after a seven hour flight from Shanghai. The planes will later proceed to Manchuli, on the Siberian border.

It is understood that regular air mail and passenger service will be operated next month. Two of the Junkers planes will be exclusively for the carrying of mail and other air mail matters while two others will carry passengers exclusively.

French Fliers Enroute to Tokyo from Paris

Two French aviators, Burtin and Moensch, in the course of their flight from Paris to Tokyo, arrived in Hongkong, March 14. A direct flight to Shanghai was intended, but bad weather forced them down at Swatow. They arrived at Shanghai March 18 and were due in Japan end of this week.

FORECASTING

SHANGHAI'S TELEPHONE NEEDS

WHEN, as a new subscriber, you are given your telephone, there is entrusted to your use a share in the pole lines, underground cables, switchboards, exchange buildings, and in every other unit of the telephone plant. Practically every part of this intricate mechanism has to be in place at the time you demand telephone service.

Shanghai's telephone requirements as they will exist far into the future have to be visualised, and upon this mental picture is imposed the planning of an economical and efficient telephone system,

A great deal of this vast reconstruction programme has already been accomplished. The remainder, combining high-pressure work with meticulous care, is proceeding apace. Every human endeavour is being made to push ahead with the stupendous task.....

SHANGHAI TELEPHONE COMPANY

交通大學研究所

THE CHIAO-TUNG UNIVERSITY

(Formerly Nanyang University)

RESEARCH INSTITUTE

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(2) Bureau of Material Testing
(3) Bureau of Machine Testing
(4) Bureau of Electrical Testing
(5) Bureau of Physical Testing
(6) Bureau of Chemical Testing

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(3) Bureau of Communications
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For full particulars regcrding this Institute, please address

The Chiao-Tung University
Research Institute
Siccawei, Shanghai, China

Dr. C. Kuangson Young Addresses Distinguished French Gathering

During February, Dr. C. Kuangson Young, Special Commissioner of the Waichiaopu, gave an address (in French) before the Comite National d'Etudes Sociales et Politiques which met at the Court of Cassation, Paris, with M. Capitant, member of the Institute, and Professor of Law at the University of Paris in the chair. The other speakers were: Father Robert, who gave a historical review of the development of bolshevism in China; and M. Margoulies, who spoke on the cultural unity of China.

Dr. Young briefly reviwed the difficulties the Nationalist Revolution has had to encounter and crush. He said in part:

"The Nationalists have succeeded in establishing a government which with all its theoretical shortcomings, has demonstrated its practical stability. With minor changes, the Government personnel, since the end of 1927 has remained the same. The wheels of the Government, during civil commotions, have, in spite of them, rolled on. There has been continuity. There has been consistence in policy . . . .

"We are now preparing for a National people's Convention to be held in May of this year. The delegates will not only represent all the provinces and the Chinese abroad; but they will be elected to represent all walks of life—education, commerce, labor peasantry.

In explaining the work and programme of the Nationalist Party and the National Government, he said: "When you hear of our term 'Nationalists' or the 'Nationalist Party', please dismiss at once from your mind the usual association of nationalistic aggrandisement at the expense of other countries. Chinese Nationalism only means the building of a nationalized, independent sovereign, and modern state with the object of having China assume a position in world affairs—a position corresponding to her population, territory, civilization, and on the basis of equality."

Sino-Japanese Extrality Negotiations Continue, but Little Progress Made

Mr. Shigemitsu, Japanese Minister to China, and Dr. C. T. Wang, Foreign Minister, have been in conference this and last week on the subject of extraterritoriality, but latest reports indicate there is a wide divergence in views. Y. Miura, Japanese Consul, is quoted by the Shanghai *Evening Post* as saying that the prospects of settling the issue have been dimmed as Dr. Wang has been insisting upon the immediate and unconditional abolition of extra-territorial rights by Japan. The foreign minister's policy, Mr. Miura said, has little in common with the Japanese plans. Japan, he said, advocates the gradual relinquishment of its extraterritorial privileges in China under "certain conditions."

Mr. Miura said that it was hardly possible that a settlement would be reached before May 1. Dr. Wang is reported to have insisted upon the termination of the present issue before the convocation of the National People's Assembly on May 5.

Rengo Reporter Refused Access to Minister C. T. Wang

Dr. C. T. Wang, after seeing the Chinese correspondents, March 13, stated that he could not see the correspondent of the *Rengo* news agency, alleging that he had been guilty of fabricating rumors. The Japanese correspondents as a body thereupon declined to seek an interview with the Foreign Minister unless their *Rengo* colleague was admitted with them. This condition Dr. Wang declined to accept and therefore he saw none of the Japanese correspondents.

Judge Linebarger's Efforts Apparently Futile

In a recent cablegram to Nanking from Washington, Judge Paul Linebarger, who has been discussing China silver loan proposals informally in Washington for some time, said that an indication of the official Chinese view as regards a proposed internatonal silver loan to China should be given before June if the project is to receive favorable Senate action in the 72nd Congress. Judge Linebarger is represented as having reported that no Senate action on Senator Key Pittman's silver loan plan was taken during the 71st Congress because of lack of information as to the official Chinese attitude. Later telegrams from Nanking announced that General Chiang Kai-shek had announced that China was not seeking any foreign loan at this time.

Latest New York Stock Exchange Quotations

Market: Business Done 2,800,000 Shares March 18.

1930-1931 High	1930-1931 Low	Div.$ per Sh.	STOCKS	Mon. Mar. 16	Tues. Mar. 17
37⅜	14¼	1.60	Adams Express	21½	21½
68½	31¼	3.00	Allis Chalmers	36½	30¼
256½	104⅝	4.00	American Can	125⅝	122⅞
101¾	25	—	American & Foreign Power	47¼	45⅛
76⅞	11⅛	—	American & For. Power W.	28¾	26⅞
79½	37½	4.00	American Smelting	52	50¾
274¼	170⅜	9.00	American Tel. & Tel.	194½	193⅛
130⅞	99¼	5.00	American Tobacco "B"	119½	118¾
124⅞	47⅝	*3.00	American Waterworks	73¼	70⅝
81½	25	2.50	Anaconda Copper	39¼	38⅜
51⅜	16⅝	*1.00	Atlantic Refining	19⅝	19½
122⅜	55⅜	7.00	Baltimore & Ohio	75⅛	72⅛
110¼	47⅞	6.00	Bethlehem Steel	63	60¾
50½	15	1.00	Borg Warner	28⅞	28⅛
33⅜	7¾	—	Calumet & Hecla	9¾	9¾
52¼	35¼	2.50	Canadian Pacific Railway	42¾	41⅜
362¾	82½	6.00	Case J. I.	115⅝	112⅞
82½	32¼	3.00	Chesapeake Corp	45	44¼
43	14⅛	1.00	Chrysler	24¼	23¾
44¼	13⅛	p.30	Cities Service, Com.	18⅛	18¼
87	30⅝	2.00	Columbia Gas & Electric	43	42⅞
37⅝	7⅛	.75	Columbia Graphaphone	15½	14⅞
26¼	7½	.60	Commonwealth & Southern	11¾	11½
6¼	1⅜	—	" " war.	2½	2⅝
136⅞	78¼	4.00	Consolidated Gas. of N. Y.	108	106⅞
30½	7¾	—	Continental Oil	9⅝	9⅝
14⅞	1⅜	—	Curtiss Wright Co.	5⅛	5⅛
145¼	80½	4.00	Du Pont de Nemours	100	99¼
255¼	142⅛	5.00	Eastman Kodak	170¾	164
117⅞	37⅛	6% S	Electric Bond & Share	58	57½
67⅜	16⅛	4.00	Fox Film "A"	32	33¾
34⅝	4⅝	—	General Aviation	11	10½
95⅜	41⅞	1.60	General Electric	52⅛	50½
61¼	44⅜	3.00	General Foods	53½	55
54¼	31⅛	3.00	General Motors	44¼	44¾
106⅞	56	5.00	General Railway Signal	78	80
47⅞	29	2.50	Gold Dust	39⅛	39⅝
58½	15¼	—	Goodrich Rubber	18¾	18
96⅞	35⅛	5.00	Goodyear Tire & Rubber Co.	47¾	46½
59⅞	12	2.00	Granby	20	19¾
62⅞	10	3.00	Hudson Motors,	22¼	22½
75⅜	49½	4.00	International Cement	53½	53⅛
14½	1¼	—	International Combu. Eng.	Mutl.	3¼
115¾	43¾	2.50	International Harvester	56⅞	56¼
44⅝	12⅝	.60	International Nickel	18½	18⅜
77⅜	17½	2.00	International Tel. & Tel.	37⅜	36⅛
148⅝	48¼	3.00	Johns Manville	75	74⅛
26⅝	7⅜	—	Kelvinator	14½	14¼
63¾	20⅛	2.00	Kennecott	28⅜	18⅛
35⅜	20⅝	2.00	Kreuger & Toll	27¼	27½
48⅛	17⅛	1.00	Kroger Grocery	33⅝	34
114⅝	76¼	4.00	Liggett & Myers, "B"	89	88¾
95⅝	41⅜	3.00	Loew's: Inc	57⅞	57⅞
28⅛	8¾	—	Lorillard P Co. (com-)	18¼	18½
44⅞	9¼	—	Ludlum Steel	17½	17½
49⅞	15⅛	—	Montgomery Ward	26½	25⅝
32⅝	9	1.00	Nevada Consolidated Co.	13⅝	13
192¾	105⅛	6.00	New York Central	113⅝	110
107⅞	45	3.00	Pacific Lighting	65⅞	65
23⅜	7¼	.60	Packard Motor Car	10⅛	10
77¼	34¾	4.00	Paramount—Publix Corp	43¾	44
86⅝	53½	4.00	Pennsylvania Railroad	59½	58½
16½	5	.20	Pennroad Corporation	7	7
44¾	11½	*2.00	Phillips Petroleum	12¼	12⅛
123¾	65	3.40	Public Service of N. Jersey	93⅝	93⅝
69⅞	11⅝	—	Radio Corporation	25¾	24½
50	15⅞	—	Radio-Keith Orpheum	22	21⅝
58⅝	40	3.00	Reynolds Tobacco "B"	51	51⅜
100⅝	43⅛	2.50	Sears Roebuck	60	58½
25½	5¼	—	Shell Union	8¼	8⅝
94⅞	11	—	Simmons Company	19⅛	18
72	40⅛	2.00	Southern California Edison	52⅝	52½
29¼	14⅛	1.20	Standard Brands	19⅝	19⅞
129¼	52¾	3.50	Standard Gas & Electric	86⅝	85
84⅞	43½	*1.00	Standard Oil of N. Jersey	46½	45⅞
40⅜	19¾	1.60	Standard Oil of New York	23⅛	22⅝
60½	28⅛	3.00	Texas Corporation	30½	30
67⅜	40¼	4.00	Texas Gulf Sulphur	53	52⅝
89¼	40⅛	3.00	Timken Roller Bearing	55	57
47⅜	10⅝	1.00	Trans America	14⅞	14⅝
106⅜	52½	2.60	Union Carbide & Carbon	67	66
242¾	166¼	10.00	Union Pacific Railway	190	187¼
99	18⅜	—	United Aircraft & Transp't	35⅜	34¼
52	13⅞	.50	United Corporation	30⅝	30¼
35	11	—	U.S. Rubber	18¼	17½
198¾	134⅝	7.00	U.S. Steel	146¼	145¼
143¼	44⅜	3.00	Vanadium	69½	67
80¾	9¾	—	Warner Bros. Pictures	13⅞	13¼
201½	84⅛	5.00	Westinghouse E. & M.	91⅛	87⅜
72⅜	51⅜	2.40	Woolworth	64¾	64
			Call Money	1½%	1½%

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Local Firms Protected in Bidding on New Federal Buildings

The American Chamber of Commerce recently telegraphed to the Chamber of the U, S. A. in Washington as follows: "It is reported here that specifications for American Federal Building, Shanghai, will be ready March 1, tenders opened May 1. Request you influence Government postpone opening tenders to June 1 to accord American firms here opportunity bidding. Knowledge of local conditions possessed by American firms in China valuable asset to construction and equipment American Federal buildings in China, therefore strongly urge American government to adopt policy accordingly." A reply was received as follows: "Government expects specifications ready April 1 with 90 days allowed before opening tenders in Washington."

Chang Hsueh-liang Delays Proposed Visit to Peiping

A recent *Reuter* message from Peiping called attention to the fact that the date of Marshal Chang Hsueh-liang's coming to Peiping is being continually pushed farther away. Some time ago he was expected in Peiping before the end of February; then it was to be the beginning, middle and end of March in turn; and the latest announcement was that the offices of the Vice-Commandant would be inaugurated in the former capital about the middle of April. It is still said that the headquarters will be at the Huai Jen Tang, in the old Forbidden City.

Norwegian Vessel "Tricolor" Carried Arms—Owners Confirm

An echo of the blowing up of the Norwegian vessel *Tricolor*, on January 6 soon after leaving Colombo for the Far East, is now heard in a telegram from Oslo that the owners have issued an official statement that the only arms carried by the vessel on her last voyage were destined for the Nanking Government. All necessary licences, the statement adds, had been obtained.

The explosions in the *Tricolor* were of a most violent nature and, within a few minutes, the ship was a mass of flames. She sank in a very short time. Subsequently cases of machine-guns were found and brought ashore by fishermen.

At the Consular inquiry held in Singapore, it was found that cargo, comprising various chemical products, engendered gases which exploded and destroyed the vessel. It was stated that there was no evidence that the *Tricolor* carried munitions except a small quantity in the strong room. It will be remembered that the local agents here Thoresen & Co., at the time strenuously denied that the ship carried ammuntion or arms.

Amercians Win at the Shanghai Golf Club

The singles tournament at the Shanghai Golf Club during the week was won by R. T. Denison of the Standard Oil Company, who beat T. S. M. Terrace in the final by 5 and 1. The Gaines Cup was won by F. E. Vincent of the Amercian Foreign Iusurance Co. and L. L. Farnsworth, of the Eastman Kodak Co., 7 up against Bogey. The three victors are all Americans.

Exchange Circular for the week ending Wednesday, 11th March 1931.

The success achieved so far in the Political conversations between the Viceroy and Gandhi, added to the fact 4 annas was anticipated in Extra duty on silver imported into India instead of the 2 annas actually imposed, had a stimulating effect in London, New York & hanghai this week. As far as our local market is concerned Chinese speculators have been in charge with bullish sentiments and have now built up an oversold position variously estimated at about one and half to two million sterling. Merchant business has been very quiet; small lines of export paper have been fixed, but very little demand. The market must be described as having been firm the whole week.

We have not heard anything fresh since our last issue regarding the proposed International Conference on Silver. Bombay appears to be acting on firm Shanghai advices, and speculators there active as they are here.

Silver:—On the 5th inst, opened at 12⅞d. spot and 12¾d. forward and G. $0.27⅛ and closes to-day at 13¾d. and 13 1/16d. and G. $0.29⅞.

India has been a buyer and China both bought and sold. America doing nothing, but inclined to support the market.

Exchange:—The official rate for T/T on London opened on the 5th inst. at 1/2 3/16d., subsequently lowered to 1/2 1/16d., raised on the 6th inst. to 1/2 3/16d., and on the 7th inst. to 1/2 1/16d., on the 9th lowered to 1/1 15/16d., yesterday raised to 1/3 1/16d. to-day to 1/3 1/16d.

Our market opened on the 5th inst. with T/T on London and New York at 1/2 3/16d. and G. $29⅞: 4 m/st Credits 1/3 1/16d and G. $.30⅛: Yen Cross rate 49 7/16: Yen 165½: Gold Bars 749. After uncertain and erratic movements of 1/16d. to ⅛d. either way during the morning, rates became definite y easier and we closed with nothing better available for T/T than 1/2 15/16d. and G. $.29½: 4 m/s 1/3d. and G. $.30⅜: Gold Bars rose to 765.60.

On the 6th inst. a change took place, and steady rises of 1/16d. were recorded all day from the opening at 1/2 3/16d. and G. $ 29⅞ until the close when 1/3 1/16d. and G. $ 30⅛ was done: 4 m/st at 1/3 1/16d. and G. $ 31⅛: Gold Bars fell from 758 to close at 737.

Our stocks of silver are reported as follows:—

Sycee and Bar Silver	Tls.	95,255,000 an decrease of Tls.	144,000
Chinese and Mexican Dollars	$	156,410,000 an decrease of $	250,000

Estimated value Tls. 207,870,000 as against Tls. 218,489,000 held at this time last year

†	Average rates for Feb.	Thursday Mar. 5	Friday Mar. 6	Saturday Mar. 7	Monday Mar. 9	Tuesday Mar. 10	Wed. Mar. 11
Bank's selling rates		*opening* *closing*	*opening* *closing*	*opening* *closing*	*opening* *closing*	*opening* *closing*	*opening* *closing*
T/T on London	1/2.125	1/2 5/8 1/2 1/2	1/2 5/8	1/2 7/8	1/2 3/4	1/3 1/4	1/3 1/2
D/Dfts ,,	—	1/2 5/8 1/2 1/2	1/2 5/8	1/2 7/8	1/2 3/4	1/3 1/4	1/3 1/2
4 m/s ,,	—	1/2 11/16 1/2 10/16	1/2 11/16	1/2 11/16	1/2 10/16	1/3 5/16	1/3 6/16
T/T on India	79.210	82 81¼	82	83¼	82½	83¼	86½
T/T on France	729.227	755 749	755	768	762	788	80:
T/T on N.Y.	28.597	29 5/16 29 3/16	29 3/8	30 1/8	29 7/8	30 7/8	31 3/8
T/T on Demand		29 5/16 29 3/16	29 3/8	30 1/8	29 7/8	30 7/8	31 3/8
T/T on Hamburg R. M.		124 1/2 123 1/2 77¾ mon.	124½	126½	125½	129¾	131¼
T/T on H'kong	78.329	77¾	77¾ mon.	77½ nom.	78 nom.	77¾ mon.	77¾ nom.
T/T on Japan	173.125	167 168 1/2	167	164¼	165½	160	157½
T/T on Batavia	71.159	73¾ 73⅞	73¾	75	74½	77	78¼
T/T on Straits	196.739	190 191 1/2	190	186½	188¼	182	179
Bk's buying rates 4 m/s B/L. Cred.&D/A	1/2.972	1/3 1/2 1/3 3/8	1/3 1/2	1/3 3/4	1/3 5/8	1/4 3/8	1/4 3/8
4m/s B/L D/P	—	1/3 5/8	1/3 5/8	1/3 7/8	1/3 3/4	1/4 1/4	1/4 1/2
6 m/s ,, B/L Cred&D/A	1/3.216	1/3 3/4	1/3 3/4	1/4	1/3 7/8	1/4 3/8	1/4 5/8
4m/s B/F Cred D/A or D/P	777.273	1/3 5/8 800 795	800	810	805	830	845
4m/s N.Y.Lc.	30.324	31¼ 31	31¼	31¾	31½	32½	33
4m/s ,, Doc.	—	31½ 31¼	31½	32	31¾	32¾	33¼

†Based on Daily Official quotation, higher rate taken on rising Market, lower when falling.	Mar. 5	Mar. 6	Mar. 7	Mar. 9	Mar. 10	Mar. 11
Bullion.						
*London Price of Bar Silver per oz. (English Standard 925 touch) Pence						
**New York Price of Bar Silver per oz. (Pure)	12 7/8	13	14 5/8	13 1/16	13 3/8	13¾
Shanghai Price of Gold Bars (weight Tls. 10 (Chauping) 978 touch)	G.$.27 5/8 Tls.	G.$.27 3/8 Tls.	G.$.28½ Tls.	G.$.23 3/8 Tls.	G.$.29 Tls.	G.$.29¾ Tls.
Shanghai Silver Bars (weight Tls. 100 (Canton) 999 touch)	765.00 Tls.	737.00 Tls.	742.00 Tls.	729.00 Tls.	707.00 Tls.	692.00 Tls.
Shanghai Mexican Dollars per $100	112.00 Tls.	112.00 Tls.	112.00 Tls.	112.00 Tls.	112.00 Tls.	112.00 Tls.
Native Bank Rate of Interest (Call money)	72.3	72.3125	72.30	72.3125	72.3125	72.275
*Closing Price in London for Previous day						
**Closing Price in New York for Previous day ...						

Bank of England rate of discount	3 %	London on Paris	T/T 124.11
Bank of France rate of discount	2 %	New York on London	T/T 485 12/16
London open Market of Dis. 3 m/s	2¾ %	Bombay on London	T/T 1/5 11/16
,, ,, 4 ,,	2¾ %	Hongkong on London	T/T 1/0
,, ,, 6 ,,	2 7/8 %	Kobe on London	T/T 2/0¾

FEARON, MAITLAND and SHAW

International Securities

By courtesy National City Co., 2a Kiukiang Road

March 12, 1931.

SECURITY	RATE & DATE DUE	Price	Approx Yield%
The National City Bank of New York	Stock	101	—
City of Antwerp	5 % Dec. 1, 1958	100¼	4.95
Argentine Government	6 % May 1, 1960	96	6.30
Canadian National Railway Co.	5 % Oct. 1, 1969	106½	4.64
Chile Government ..	6 % Jan. 1, 1961	48¾	7.25
City of Vienna	6 % Nov. 1, 1952	89	6.99
City of Yokohama ..	6 % Dec. 1, 1961	100	6.00
German General Electric (A. E. G.)	6 % May 1, 1948	92	6.80
German Central Bank for Agriculture.. ..	6 % Apr. 15, 1938	98	8.09
Greek Government ..	6 % Feb. 1, 1968	88	6.90
Japanese Government	6½% Feb. 1, 1954	105½	6.05
Kingdom of Italy.. ..	7 % Dec. 1, 1951	99⅝	7.03
Lautaro Nitrate Co., Ltd.	6 % July 1, 1954	70	9.12
Nord Railway Co. ..	6½% Oct. 1, 1950	106½	6.03
Norwegian Hydro-Elec. Nitrogen Corp.. ..	5½% Nov. 1, 1957	99¼	5.52
Oriental Development Co..	5½% Nov. 1, 1958	94	5.94
Paris - Lyons - Med. Railroad Co.	7 % Sept. 15, 1958	107	6.45
Republic of Costa Rica (Pacific Rwy.)	7½% Sept. 1, 1949	80	9.87
Republic of Finland ..	5½% Feb. 1, 1958	85	6.71
Republic of Peru ..	6 % Dec. 1, 1960	34¼	—
Rhine Westphalia Electric Power Corp. w.w.	6 % Aug. 1, 1953	87½	7.12
Saxon Public Works ..	6½% May 1, 1951	85½	7.96
Saxon State Mortgage Institution	6½% Dec. 1, 1946	86	8.07
Toho Electric Power Co. Notes (Japan)	6 % July 1, 1932	100½	5.05
Tokyo Electric Light Co. (Japan)..	6 % June 15, 1953	90¼	6.87
Ujigawa Electric Power Co. (Japan)	7 % Mar. 15, 1945	101	6.89
U. S. of Brazil	6½% Oct. 15, 1957	68¼	9.89
Anaconda Copper Mining Co.	Common Stock	38⅜	—
Baltimore & Ohio Railroad Co.	Common Stock	77	—
Belgian National Rway. Peptg. Pfd. Stock ..	6 % (American Sh.)	79¼	—
Pennsylvania Railroad Co.	Common Stock	59⅛	—
Standard Oil Co. of New York	Common Stock	22¼	—
United Aircraft & Transport Corp. ..	Common Stock	35	—
Vacuum Oil Co.	Common Stock	55⅛	—
Chicago Rapid Transit Co.	6½% July 1, 1944	81	8.95
Cuban Dominican Sugar Corp.	7½% Nov. 1, 1944	11	—
Pennsylvania - Dixie Cement Corp.	7% Cum. Pfd. Stock	27½	—
State of Minas Geraes Series "A"	6½% Sept. 1, 1959	56¼	—

QUOTATIONS RECEIVED FROM LONDON OFFICE

Republic of China Gold Loan	5 % 1925	70¼	—
Chinese Govt. Re-org. (£) Loan Stamped ..	5 % 1913/60	65¼	—
Chinese Govt. Re-org. (£) Loan Unstamped	5 % 1915/60	63¼	—
Chinese Govt. (Crisp Loan)	5 % 1912	50	—
Shanghai Nanking Railway	5 % 1904/08	47½	—
Shanghai Hangchow Ningpo Railway ..	5 % 1908/38	78	—
Hukuang Railway ..	5 % 1911/1951	27	—
Tientsin Pukow Railway	5 % 1908/09	26	—

NOTE: The above quotations are received by cable, and whilst believed to be correct, are not guaranteed.

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What the Ships Carry between America and China

Return of the Shanghai Customs

Pls.—1 Picul or 133 1/3 pounds; Bls.—Bales; Pcs Pieces; Mills—thousands;

MALAYAN PRINCE, Jan. 26.
(Agents: Furness (Far East), Ltd.)
From U. S. of America.

Cotton, Raw.....	*Bls.*400	*Pls.* 1,420
Aluminium-foil.....	*Pls.*	7
Aluminium-Sheets	,,	138
Iron and Steel, Ungalvanized:		
Bolts, Nuts, and Washers	,,	73
Nails, Wire	,,	1,313
Tinned Plates, Plain...	,,	619
Iron and Steel, Galvanized:		
Sheets Plan.....	,,	1,191
Wire Rope	,,	21
Steel Structural Sections	,,	150
Flour, Corn.....	,,	14
Glucose.....	,,	222
Indigo Paste, Artificial:		
20 per cent. strength...	,,	317
50 ,, ,, ...	,,	19
Ink, Printing	,,	134
Margarine	,,	28
Soda, Bicarbonate of.....	,,	681

GOLDEN SUN, January 26.
(Agents: States S. S. Co.)
From U. S. of America.

Iron and Steel, Ungalvanized:		
Scraps, Old.....	*Pls.*	956
Wire Rope, Old.....	,,	194
Asphalt	,,	635
Gasolene, in Case	*Galls.*	210,000
Oil, Lubricating, Mineral	,,	16,389
Motor-cars, ...	*Pcs.*	1

SOMERSBY, January 26.
(Agents: Daido Kaiun K. K.)
From U. S. of America.

Cotton, Raw:		
American ...	*Bls.*4,770	*Bls* 17,194

LAYAN PRINCE, January 27.
(Agents: Furness (Far East), Ltd.)
To U. S. of America.

Bristles, Assorted	*Pls.*	200
Feathers, Duck.....	,,	100
Skins, Goat, Untanned...	,,	726

SHIDZUOKA MARU, Jan. 27.
(Agents: Nippon Yusen Kaisha)
To U S. of America.

Silk, Raw, Steam Filature:		
White, S'hai...	*Bls.* 80	*Pls.* 79.99
Hats, Buntal Fibre	*Pcs.*	1,800
Skins, Lamb, Plates, Tanned	,,	5,200

CITY OF LILLE, January 28.
(Agents: Lacey & Cannan, Ltd.)
From U. S. of America.

Iron and Steel, Ungalvanized:		
Tinned Plates, Plain...	*Pls.*	744
Iron and Steel, Galvanized:		
Sheets, Plain.....	,,	1,008
Grease	,,	78
Indigo Paste, Artificial:		
20 per cent. strength...	,,	565
Tobacco, Leaf	,,	2,218
Oil, Lubricating, Mineral	*Galls.*	47,986
,, Transformer	,,	500

FOYLEBANK, January 29.
(Agents: Lacey & Cannan, Ltd.)
From U. S. of America.

Cotton, Raw:		
American.....	*Bls.*5,607	*Pls* 19,422

LOSSIEBANK, January 29.
(Agents: Lacey & Cannan, Ltd)
From U. S. of America.

Iron and Steel, Ungalvanized:		
Pipe Fittings.....	*Pls.*	37
Ironze and Steel, Galvanized:		
Wire Shorts	,,	504
Indigo Paste, Artificial:		
20 per cent. strength	,,	4·4
Tobacco, Leaf		7
,, Stalk	,,	869
Oil, Lubricating, Mineral	*alls*	2,764

PRESIDENT JACKSON, Jan. 29.
(Agents: Robert Dollar Co)
To U. S. of America.

Tea, Black, other kinds,		
Kiukiang.....	*Pls.*	5
Tea, Green:		
Other kinds, Shanghai	*Pls.*	4
Gunpowders Ningpo...	,,	287
Silk, Raw, Steam Filatures:		
White Canton...	*Bls.* 40	*Pls.* 39.98
,, S'hai ...	,, 515	,, 507.77
Yellow, Tsingtao,		
etc,...	,, 245	,, 244.31
,, Shanghai	,, 20	,, 20.01
Silk, Raw, Steam Filature:		
Wild, Dairen, etc.	*Bls.* 380	,, 393.28
Silk, Raw, Reeled from Doupions:		
Shanghai	*Bls.* 75	*Pls.* 72.69
Silk, Waste:		
Shanghai	*Bls.* 5	,, 15 08
Dairen, etc. ...	,, 22	,, 65 44
Silk, Raw, Re-reeled:		
White, Soochow	*Bls.* 37	*Pls.* 37.30
Silk Pongees, Honan.....		,, 117.29
,, Piece Goods.....		,, 7.19
Antimony, Regulus		,, 840
Brassware		,, 36
Bristles.....		,, 14
Feathers, Duck.....		,, 48
,, Goose		,, 107
Oil, Wood		,, 9,240
Seed, Sesamum.....		,, 3,749
Skins, Goat, Untanned..		,, 130
Wool Sheep's		,, 219
Hats, Buntal Fibre	*Pcs.*	600
Hats, Neora Fibre.....		,, 2,000
Skins, Dog, Tanned.....		,, 2,000
,, Kid Untanned ...		,, 5,000
,, Lamb, ,, ...		,, 9,000

GREYSTOKE CASTLE, Jan. 30.
(Agents: Dodwell & Co.)
From U. S. of America.

Cotton, Raw.....	*Bls.*550	*Pls.* 1,810
Glucose.....		,, 250
Grease		,, 268
Indigo Paste, Artificial:		
20 per cents. strengh...		,, 450
Tobacco, Prepared, in Tins		,, 5
Tabacco, Leaf.....		,, 4,128
Oil, Lubricating, Mineral..	*Galls.*	5,474
Cigarettes.....	*Mills*	200
Baking Powder	*Doz.*	200
Machines; Sewing	*Pcs.*	34
Typewriters	,,	20

KUMA MARU, January 30.
(Agents: Nippon Yusen Kaisha.)
From U. S. of America.

Cotton, Raw...	*Bls.*5,146	*Pls.* 14,067
Tobacco, Leaf	,,	2,161
Starch	,,	534
Tobacco, Leaf	,,	23,089
Rubber Tires:		
For Motor-cars.....	*Pcs.*	12
Motor-cars	,,	3
Shoes	*Pairs*	216
Oil, Lubricating, Mineral	*Galls.*	9,175
Paints:		
Enamels	,,	50
Unclassed	,,	201
Dyes, Aniline *Pkgs* 36..	*G. Units.*	1,802
Machinery, & Parts of...	,,	13,688
Motor-cars, Parts of.....	,,	1,119

SANYO MARU, January 31.
(Agents: Osaka Shosen Kaisha)
From U. S. of America.

Aluminium-foil	*Pls.*	75
,, Sheets	,,	13
Iron and Steel, Ungalvanied:		
Tinned Plates, Plan...	*Pls*	5,124
Pipe Fittings.....	,,	128
Asphalt.....	,,	532
Indigo Paste, Artificial:		
20 per cent. strength	,,	1,772
60 per cent. strength	,,	628
Soda, Hydrosulphite of...	,,	168
Sulphur Black	,,	1,647
Tobacco, Leaf	,,	7,438
,, Prepared	,,	3
Cigarettes.....	*Mills*	400
Dyes, Aniline..	*Pkgs.*157	*G. Units* 7,444

PRESIDENT FILLMORE, Feb. 2
(Agents: Robert Dollar Co.)
From U. S. of America.

Cotton, Raw:		
American.....	*Bls.* 200	*Pls* 704
Iron and Steel, Galvanized:		
Pipes	,,	203
Steel Tinned Plates, Plain	*Pls.*	3,713
Asphalt.....	,,	1,709
Canned Asparagus	,,	15
,, Fruits.....	,,	48
Fireclay	,,	64
Indigo Paste, Artificial:		
20 per cent. strength...	,,	950
Ink, Printing.....	,,	245
Leather, Sole: Sides...	,,	17
Newspapers, Old.....	,,	2,249
Oranges, Fresh.....	,,	166
Paper, Printing.....	,,	22
Sulphur Black.....	,,	299
Soda, Hydrosulphite of...	,,	115
,, Crystal, Concentrated	,,	162
Tobacco, Prepared.....	,,	169
Glass, Window, Coloured	*Sq.ft*	1,480
Sand-paper	*Reams*	7
Files.....	*Doz.*	100
Oil, Lubricating, Mineral	*Galls.*	1,617
Coffee	*Lb.*	444
Chocolate.....	,,	500
Dyes, Aniline	*Pkgs.*97	*G. Units* 8,120
Infants' Foods	,,	2,384

TYNE MARU, February 2.
(Agent: Showa Shipping Co.)
From U. S. of America.

Wheat.....	*Pls.*	15,000

PRESIDENT TAFT, February 5.
(Agents: Robert Dollar Co.)
To U. S. of America.

Silk, Raw, Re-reeled:		
White, Soochow	*Bls.*30	*Pls.* 30 10
Silk, Raw, Steam Filatures:		
White, S'hai...	*Bls.* 50	*Pls.* 48.37
Silk, Raw, Filature:		
Wild, Chefoo, etc.	,, 70	,, 72.87
Silk Pongees, Honan ...		,, 82.76
Tea, Black, other kinds,		
Kiukiang		,, 58
Brassware		,, 26
Feathers, Duck.....		,, 50
Hair, Human.....		,, 254
Intestines, Sheep, Salted		,, 4
,, Goat, ,,		,, 5
Oil, Wood.....		,, 4,561
Skins, Lamb, Untanned	*Pcs.*	8,500
,, Raccon, ,, ...		,, 1,190
Skins, Hare and Rabbit,		
Untanned		,, 15,000
Wool and Cotton Rugs		,, 35

ASAMA MARU, February 6.
(Agents: Nippon Yusen Kaisha.)
To U. S. of America.

Silk, Raw, Steam Filature:		
White, Shanghai	*Bls.* 100	*Pls.* 99.61
Silk Piece Goods	,,	0.83
Tea, Green:		
Gunpowder, Ningpo...	,,	561
Tea, Black:		
Other kinds, Hankow	,,	172
,, ,, Kiukiang	,,	12
Cotton, Raw ...	*Bls.* 100	,, 377
Feathers, Duck.....	,,	47
Intestines, Pig Salted.....	,,	27
Nutgalls.....	,,	420
Oil, Tea	,,	143
Seed, Sesamum.....	,,	5,040
Eggs, Fresh	*Mills*	44

PRESIDENT JEFFERSON, Feb. 6
(Agents: Robert Dollar Co.)
From U. S. of America.

Motor-cars	*Pcs.*	1
Coffee	*Lb.*	1,574
,, Beans.....	*Pls.*	3
Asparagus.....	,,	15
Cotton, Raw:		
American ...	*Bls.* 500	,, 1,777
Fruits, Table and Pic ...	,,	36
Pitch.....	,,	311
Ink, Printing.....	,,	15

INVINCIBLE, February 7.
(Agents: LloydEverett, Incorporated.)
From U. S. of America.

Cotton, Raw:		
American ...	*Bls.*1,924	*Pls.* 5,492
Iron and Steel, Ungalvanized:		
Sheets, under 1/8 in. thick	,,	1,421
Steel Bamboo	,,	2,599
Carbon Black	,,	295
Wax, Paraffin	,,	165

EMPRESS OF JAPAN, Feb. 7.
(Agents: Canadian Pacific R'y Co.)
To U. S. of America.

Silk, Raw, Steam Filature:		
White, Soochow	*Bls.* 35	*Pls.* 34.08
,, Shanghai	,, 700	,, 688.24
,, Tsingtao,		
etc.	,, 38	,, 37.42
,, other Ports	,, 7	,, 7.02
Yellow, Shanghai	,, 10	,, 10.02
,, Tsingtao,		
Chungking, etc.	,, 260	,, 256.18
Silk, Raw, Filature:		
Wild, Dairen	,, 30	,, 31.40
,, Antung and		
Dairen	,, 30	,, 52.37

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From Shanghai to Hangchow: 189.57 Kilometers

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